
CITY OF NEW ORLEANS, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
DECEMBER 31, 2017
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

Prepared by the
Finance Department of the
City of New Orleans



CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

December 31, 2017

(With Independent Auditors' Report Thereon)

CITY OF NEW ORLEANS, LOUISIANA

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

CITY OF NEW ORLEANS

Mitchell J. Landrieu
Mayor

Beverly B. Gariepy
Director of Finance/CFO

June 29, 2018

The Honorable Mayor and City Council
City of New Orleans, LA

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of New Orleans, Louisiana for the fiscal year ended December 31, 2017. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers. City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the City's Department of Finance, in accordance with generally accepted accounting principles (GAAP) for local governments.

The City's financial statements and related notes have been audited by the independent firm of Certified Public Accountants Postlethwaite & Netterville. This audit satisfies Section 6-108 of the City Charter, which requires an audit of all accounts of the City by an independent Certified Public Accountant. The City is required to undergo an annual single audit in conformance with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. It provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

New Orleans, the largest city in Louisiana, was founded in 1718 and incorporated in 1805. The City's system of government is established by its Home Rule Charter which became effective in 1954. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the powers and functions of any local subdivision which operates under a Home Rule Charter. The City's Home Rule Charter may be amended

only by a vote of a majority of qualified voters in the City, voting at an election called by the City Council on its own initiative, or upon receipt of a petition of not less than ten thousand registered voters.

The City has a Mayor-Council form of government. The Mayor is elected for a four-year term and is limited to two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his principal assistant and budget officer for the City. The City has executive departments and numerous affiliated boards and commissions, and provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, and recreational activities and cultural events. The Council is the legislative body of the City government, and is comprised of five Council members elected from five geographic districts and two members elected at large. All Council members are limited to four-year terms. Laws are enacted through Council ordinance.

The Council adopts the City's annual capital and operating budgets. Ordinances of the Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the Council.

The financial statements of the reporting entity include those of the City (the primary government) and its component units in conformity with GASB Statement No. 34. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Component Units - In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year end. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices or websites.

Blended Component Units - For financial reporting purposes, the Board of Liquidation, City Debt is included (blended) in the operations and activities of the City because it handles all matters relating to the bonded debt of the City. Complete financial statements for this blended component unit may be obtained at the entity's administrative offices or website.

Discretely Presented Component Units - The financial statements of the City include all government activities, organization and functions for which the City is financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the foregoing criteria, the financial statements of the following associated organizations are included in the basic financial statements:

Audubon Commission
Downtown Development District
French Market Corporation
Louis Armstrong New Orleans International Airport

Municipal Yacht Harbor Management Corporation
New Orleans Building Corporation
New Orleans Tourism Marketing Corporation
Orleans Parish Communication District
Orleans Parish Hospital Service District A
Parking Facilities Corporation
Sewerage and Water Board of New Orleans

Current Louisiana law provides for the creation of several districts and independently elected public officials for the provision of certain services at the parish level. Examples would include the Orleans Parish School Board, the New Orleans Assessor, the Orleans Parish Sheriff's Office and the Clerk of Court. These officials prepare their own budgets and operate independently of the City. The results of operations of those offices are not included in this report because there is a lack of financial accountability of these offices on the part of the City's elected officials.

YEAR IN REVIEW AND MAJOR INITIATIVES

The City of New Orleans has turned the corner and is blazing a new difficult path forward. Everywhere you look progress is being made, but we still have more work to do. After taking office in 2010, Mayor Mitch Landrieu committed to enhance quality of life across the city. We are now attracting high-tech jobs and New Orleans has become a hub of entrepreneurship. School performance is up, and we're a leader in school reform with 90% of our students attending charter schools. We're attacking blight, and the real estate market is thriving. Billions of dollars are being invested in housing, schools, hospitals, parks and playgrounds, roads, and vital hurricane protection. This is a critical point in the history of our city and its recovery and there's a lot unfolding.

KEY INFRASTRUCTURE IMPROVEMENTS

Improving New Orleans' aging infrastructure has been a major priority over the past seven years, and 2017 has been no different. During 2017, every neighborhood in the city began to feel the positive impacts of hundreds of millions of dollars in major capital infrastructure investment. The city worked harder than ever to build a strong foundation for the future and a more resilient infrastructure.

Joe Brown Park Bride Opening

In 2017, the \$1 million bridge located in Joe Brown Park was opened to vehicular and pedestrian traffic. The project included removing and replacing the existing bridge and the bridge water line. The previous bridge was composed of concrete precast slab units, was 68 feet in length, 24 feet in roadway width with two 4 ft. wide walkways on each side. The new bridge is a precast concrete arch bridge, 73'4" in length, 24 feet in roadway width, with two 8' wide walkways on each side.

During 2017, the City opened or completed the following projects:

- NORD Miline NOLA FOR LIVE CENTER
- Nix Library
- OC Haley Blvd. Revitalization Project
- Aubry St. Infrastructure Improvement Project
- Previewed New Water Towers at the Carrollton Water Plant
- Renovated NOPD Third District Police Station and Training Academy
- Reconstruction and opening of Wisner Blvd. Bridge

PUBLIC WORKS

The Department of Public Works (DPW) completed 31 projects with a total funding investment of over \$92 million, resulting in more than 11 miles of newly paved streets and an additional 2.6 miles of bikeways. This work includes 13 roadway projects, two streetscape projects, two bridges, as well as 11 pedestrian paths and bikeway projects.

DPW cleaned 17,434 catch basins (approximately 26% of the total of 68,092 catch basins citywide) and repaired 1,427 catch basins citywide.

This year, crews began work on pedestrian intersection and school safety zone projects which includes adding signage, refreshing lane markings, creating bike lanes, and creating high-visibility crosswalks. More than 40 schools will have intersection and school zone striping refreshed.

French Quarter Infrastructure Improvement Project

For the first time in nearly 100 years, DPW completed major repairs on the 100 – 400 blocks of Bourbon Street as part of the French Quarter Infrastructure Improvement Project. Work included removing and replacing the existing pavement, replacing and upsizing the existing drain lines, replacing the existing water lines, repairing the existing sewer lines, replacing the existing low pressure gas lines with high pressure gas lines, replacing and repairing the existing underground electrical conduit, installing new fiber optic conduits, and adding new streetlight foundations and security bollards.

DPW also completed the following work in 2017:

- Filled more than 55,000 potholes
- Cleaned more than 102 miles of drain lines;
- Installed more than 3,800 new permanent traffic signs and more than 600 new permanent street name signs;
- Repaired more than 4,600 streetlight outages (approximately 99% of the City's streetlights are operational); and
- Installed more than 1,200 LED streetlights (over 43,000 of the City's streetlights are now LEDs representing 80% of the City's streetlight system).

ECONOMY

The Mayor's Office of Economic Development and the New Orleans Business Alliance (NOLABA) continued to celebrate the attraction and retention of nationally-recognized retailers and the continued distinction of New Orleans as an incubator for economic innovation and growth.

In 2010, Mayor Landrieu, in partnership with business and civic leaders, formed the New Orleans Business Alliance (NOLABA) —the first public-private partnership for economic development—to employ the best practices in economic development to reposition New Orleans as the ideal intersection of commerce and culture.

Since 2010, \$7.8 billion has been invested in New Orleans. Unemployment has been nearly cut in half since its peak in 2010 and over seven years, the city's vibrant economy has created 20,000 new jobs and opened more than 140 new retail and restaurant openings. After years of decline, New Orleans is one the fastest growing cities in America. After decades of starts and stops, the final touches on the new \$1 billion airport are being made. The airport will continue to be a major economic engine for the city and region for decades to come. The City is redeveloping the World Trade Center into a new Four Seasons. The City will also start opening up and connecting the riverfront for the first time in generations. A new multi-million dollar ferry terminal at the base of Canal Street will soon break ground. Recently, Mayor Landrieu announced a new blockbuster deal with the Port and Public Belt that will open up a contiguous 3-mile stretch of the riverfront, from Poland Avenue to Spanish Plaza.

In 2017, Mayor Landrieu announced a new business model for economic development led by the New Orleans Business Alliance (NOLABA). Consolidating the Network for Economic Opportunity's programming into NOLABA, this new model will sustain economic opportunity investments and create a new way to provide economic and workforce development in New Orleans.

IMPROVING QUALITY OF LIFE

Over the past seven years, the City has continued to create safe spaces for all New Orleanians to live, work and play. That's why the City has tripled funding for recreation, partnered with the private sector to create the New Orleans Recreation Development Commission and Foundation, and invested \$150 million to rebuild youth centers, playgrounds and libraries. In seven years, the City tripled the number of recreation centers from 4 to 12 and doubled the number of pools from 8 to 16. NORD now has increased the number of kid camps from 4 in 2010 to 41 in 2017, serving over 4,000 kids across the city. NORD has moved from 0 teen camps to 13 teen camps, serving over 1,000 local teens. Over the past four years, over 10,600 young people, ages 13 – 21, learned the value of a good day's work through our NOLA Youth Works Summer Job Program.

At the same time, the City has transformed the way healthcare services are delivered. The New Orleans area now boasts world-class clinical care through new and refurbished hospital facilities and expanded access through a network of neighborhood based community health centers. Billions of dollars have been invested in the development of the New Orleans' Biomedical Corridor, fostering enhanced research, healthcare delivery and the development of stable, high-paying jobs for healthcare professionals. In addition to high quality health care, health in New Orleans today is about the prevention of disease and promotion of health and wellness. A broad spectrum of partners from across the community are working together to improve population health by making healthy choices easier, creating environments that promote health, and addressing factors that impact health outcomes.

MAKING GOVERNMENT WORK

When Mayor Landrieu entered office, the City faced a nearly \$100 million mid-year budget hole, about 20% of City Hall's overall budget. This budget deficit was closed through a series of smart expenditure cuts and the reorganization of City services. In 2011 and 2012, to keep the budget balanced, Mayor Landrieu again cut City spending, while also delivering better services and focusing on customer service.

When Mayor Landrieu took office, City Hall was only open four days a week. To improve customer service, the Administration launched the NOLA311 call center and the One Stop Shop for licenses and permits. To improve accountability, Mayor Landrieu created the Office of Performance and Accountability to implement a performance management system in which the City sets goals, tracks performance and gets better results through data-driven management. ResultsNOLA tracks performance across over 40 City departments and agencies. The City has overseen major reforms of the City's contracting process and led a sweeping consolidation of boards & commissions. In seven years, the Administration has righted the ship of government, going from a budget deficit to a budget surplus, and the highest credit rating in city history.

DBE FOCUS

Through the City's Office of Supplier Diversity in 2017, contracts awarded to DBE firms represented 35.96 percent DBE participation for City contracts exceeding the 35 percent goal.

The Office of Supplier Diversity continued to partner with a number of community resource partners to host outreach sessions providing information and education to small business owners about DBE certification, accessing opportunities, and accessing business education resources.

In 2017, The Office of Supplier issued 100 new Disadvantaged Business Enterprise certifications to further promote equal opportunity for socially and economically disadvantaged businesses. The Office achieved their goal during 2017.

BLIGHT

After Mayor Landrieu took office in 2010, New Orleans faced the worst blight problem in the country with an estimated 40,000 blighted properties and no strategy to address it. To address this challenge, the City launched an aggressive blight reduction strategy based on extensive public input, national best practices, and advice from national experts, that prioritizes data-driven decision-making, innovative new enforcement policies, and opportunities for reinvestment to grow and strengthen neighborhoods. In 2013, the Landrieu administration reached its four year goal of reducing the number of blighted units by 10,000. With this momentum, the City continued its enforcement efforts in 2015 by developing and implementing a recommendation tool that has dramatically streamlined the process of deciding on appropriate dispositions for properties adjudged guilty of blight. Code Enforcement initiated a new program to try to "nudge" property owners to bring their property into compliance before costly and resource-intensive work begins. The program sends property owners a letter and informs them that fees and fines may occur if they don't bring their property up to code. During 2017, 633 blighted properties were brought into compliance by property owners.

COMMITMENT TO PUBLIC SAFETY

Making the city safe has been our number one priority. Over the past seven years, Mayor Landrieu has gone above and beyond to fight the urgent and growing threat of violent crime in our city: aggressively pursuing violent criminals, reforming and investing in the NOPD, and launching NOLA FOR LIFE, a comprehensive murder reduction strategy. Law enforcement cannot do it alone, so the NOLA FOR LIFE plan focuses on prevention and addressing the root of the problem with a holistic approach.

Since 2010, the City has launched 13 new NOPD recruit classes with a total of 334 recruits. The City has also provided NOPD a 15% pay raise across the board in order to improve recruitment and officer retention, plus an additional special pay raise of 5% to NOPD homicide detectives. Confidence in the police department is up. The Multi-Agency Gang Unit has carried out aggressive enforcement policies to get 134 indictments from 15 different violent gangs and groups. NOLA FOR LIFE initiatives have helped over 32,000 New Orleanians get assistance, whether it is finding a job or returning home after being released from prison. The City has launched Ceasefire New Orleans to focus on interrupting violence by mediating neighborhood disagreements. Ceasefire New Orleans also launched a wildly successful Midnight Basketball program, which on Saturday nights has brought in over 8,000 young people and spectators from off the street. The New Orleans Health Department is working with the Children's Bureau and other local partners including schools to connect high-risk kids to caseworkers and counseling that can help them work through their often serious problems. Though the City has come a long way in seven years, crime remains its city's toughest challenge.

LOOKING FORWARD TO 2018

The New Orleans City Council approved the passage of the City's 2018 Capital and General Fund budgets, totaling \$691.5 million and \$646.3 million respectively.

NOPD: The NOPD will receive increased funding again in 2018 in order to hire another 150 police officers and will implement targeted pay increases to improve retention efforts. NOPD will have funding to operate the citywide network of security cameras linked to the real-time command center. Increased funds will also support the Fraternal Order of Police settlement as well as civilian social workers and civilian investigator for sexual assault cases.

Beyond NOPD, in 2012, the Mayor launched NOLA FOR LIFE, the City's comprehensive strategy to reduce murders across New Orleans. The strategy implements 35 initiatives across disciplines to improve public safety including the Group Violence Reduction, Multi-Agency Gang Unit, Workforce Re-entry Strategy, and Midnight Basketball program. These programs will continue in 2018.

The 2018 budget continues vital programs that support the utilization of Disadvantaged Business Enterprises (DBEs) in the procurement of goods and services by the City of New Orleans. Since 2010, the City has increased DBE participation each year from 16% to 48.2% in 2016 and reduced DBE certification processing time from 730 days down to 15 days.

Thanks to good fiscal management, the City is receiving record credit ratings. The City has also maintained a fund balance to provide for government services during emergencies and disasters. The 2018 budget proposes a rainy day fund, in addition to the fund balance, to further secure the City's ability to prepare for and react to unforeseen circumstances that may arise.

In 2018, we are also investing in our neighborhoods and fixing our streets. The City's Department of Public Works and Sewerage and Water Board of New Orleans are working together to implement a \$2.4 billion Capital Improvement Program, the most robust infrastructure improvement program that our region has seen in a generation. With more than 200 projects currently in the works, a record amount of street work is happening across the city; and once complete, every neighborhood will feel the positive impact. In addition to the Capital Improvement Plan, the 2018 operating budget will fund millions for street repairs, including \$3 million to fill 50,000 potholes and clean 4,500 catch basins. Additional funding will also support increased pedestrian safety.

The Mayor's goal to eliminate 10,000 blighted properties by 2014 was met and to date the City has eliminated 15,000 blighted units, but more work must be done. The 2018 budget will continue to support an aggressive blight reduction strategy.

The New Orleans Recreation Development Commission (NORDC) was established in 2011 as a public private partnership to enhance recreational opportunities throughout the City. The City, alongside private funding from the NORD Foundation, has nearly tripled the 2010 funding in order to provide full-year operating support for current programs and additional facilities schedule to open in 2018.

Lastly, the 2018 budget provides investments to provide year-round and summer job development opportunities to job seekers, including our City's youth, including increased funding for YouthForce NOLA.

FINANCIAL CONTROLS

The City's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETARY PROCEDURES

The City's Charter requires the annual preparation of a balanced operating budget. It prohibits the Department of Finance from approving any expenditure under any portion of the annual operating budget unless sufficient revenues have been appropriated by the City Council to finance the proposed expenditure. The City Council is required to appropriate the necessary tax and other revenue measures to produce a balanced budget. In addition, no budgeted expenditures

may be made unless authorized by the Mayor or the Chief Administrative Officer through an allotment system.

The City monitors revenues and expenditures closely during the year. Transfers within the budget are adopted by the City Council when necessary to increase or curtail budgeted expenditures to ensure a balanced budget.

The City maintains budgetary controls at the departmental level by cost object classification and allocates appropriations on a quarterly basis. The City's Home Rule Charter specifies three cost object classifications: personal services, other operating expenses, and debt service. Although all expenditures are recorded at the individual line item level, they are summarized for reporting purposes in these three expenditure classifications.

Encumbrances are recorded via an online processing system. If sufficient funds are not available to cover a purchase, the requisition is rejected and returned to the originating department for appropriation or allotment changes, transfer of funds or cancellations. Appropriations may be amended through council action during the year and all unencumbered appropriations lapse at year end. Neither the City Charter nor state law, allow deficit spending. The Department of Finance is able to control all of the above through a computerized financial management system and the use of a departmental budget.

The Mayor's 2017 Budget was prepared using a process called Budgeting for Outcomes (BFO). BFO is designed to improve services and get a better return on investment of public dollars. BFO starts with a set of results that matter to citizens and encourage creative ways of achieving them within the resources available. In line with the Mayor's budgeting principles, BFO emphasizes accountability, innovation and teamwork. Like performance budgeting, BFO focuses on what the public receives, how much it costs, and how outcomes will be measured. BFO starts with the results citizens want from their City government and works to align those priorities with the budget decision-making process.

CAPITAL BUDGET

The Mayor, on an annual basis, recommends to the City Council a capital improvement program for the next five years and a capital budget, by project, for the first year of the program. The City Council is obligated to approve a capital budget program and adopt a capital budget before it adopts the annual operating budget. The capital program and budget must show the amounts and sources of money for each project. The amounts budgeted constitute appropriations from the funds indicated when they become available. Expenditures for capital projects are made through the capital projects fund.

BUDGETARY AND FINANCIAL REPORTING

The fund structure, by which the financial transactions of the City of New Orleans are recorded, is defined on Article VI Chapter 1 and 2 of the Home Rule Charter. All general governmental functions, other than debt service and capital improvements, are accounted for in the general

fund. Encumbrances of the current year are recorded as obligations against budgetary appropriations. Appropriations neither encumbered nor expended lapse at the end of the fiscal year.

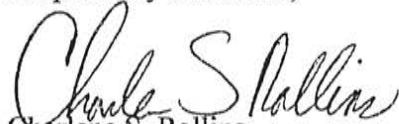
RISK MANAGEMENT

The City is self-insured for its hospitalization benefit program, workers compensation, motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged to the City's various funds for the unemployment and worker's compensation programs and to employees and the City's various funds for the hospitalization program. In addition, the City's Risk Management Division works toward reducing the number of claims and lawsuits, shorten length of time in which a claim is processed or resolved, provides investigations and support services, and employs various risk control techniques.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the patience and dedication of the entire staff of the Finance Department; however, a special word of appreciation is due to the Bureau of Accounting staff who prepared this financial report while balancing day-to-day work, which must be done. I would also like to express my appreciation to all members of the Finance Department and the staff of other departments, boards, and agencies of the City who assisted and contributed to the preparation of this report. Finally, I would like to acknowledge the helpful suggestions and support received from the Mayor, CAO, and staff members of the City Council and Council Audit Committee. Their support is greatly appreciated.

Respectfully submitted,



Charlene S. Rollins
Comptroller

CITY OF NEW ORLEANS, LOUISIANA

Government Officials – Elected and Appointed

December 31, 2017

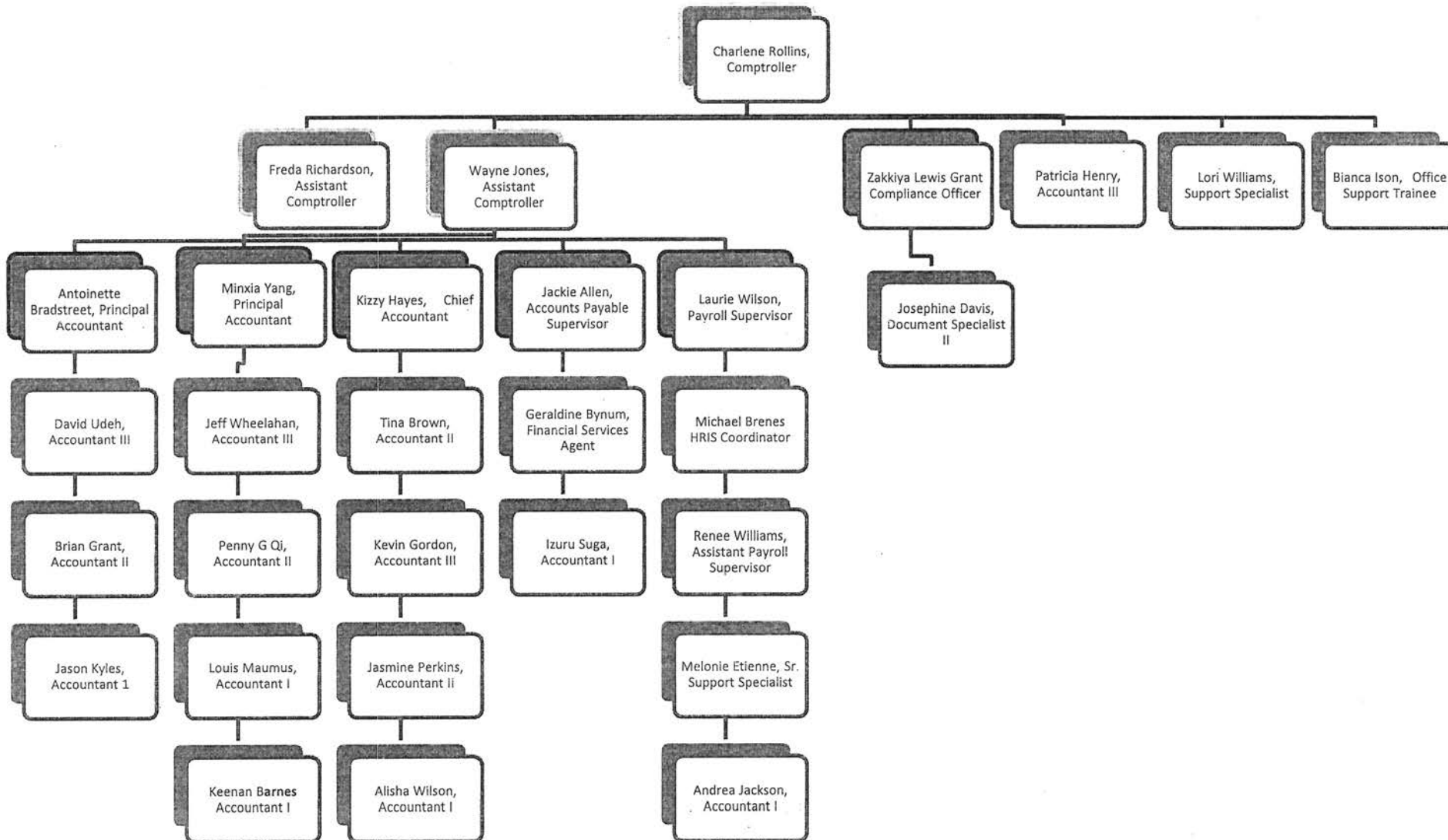
City Council

| | |
|----------------------------|---------------------------|
| Councilmember-at-Large | Ms. Stacey Head |
| Councilmember-at-Large | Mr. Jason Rogers Williams |
| Councilmember – District A | Ms. Susan G. Guidry |
| Councilmember – District B | Ms. LaToya Cantrell |
| Councilmember – District C | Ms. Nadine M. Ramsey |
| Councilmember – District D | Mr. Jared C. Brossett |
| Councilmember – District E | Mr. James Austin Gray II |

Executive Staff

| | |
|--|--------------------------|
| Mayor | Mr. Mitchell J. Landrieu |
| Deputy Mayor, Chief Administrative Officer, and Chief Resilience Officer | Mr. Jeff Hebert |
| Deputy Mayor of Citywide Initiatives | Ms. Judy Reese Morse |
| Chief of Staff | Ms. Brooke Smith |
| Deputy Mayor of External Affairs | Mr. Ryan Berni |
| Executive Director of Sewerage and Water Board | Mr. Cedric S. Grant |
| City Attorney | Ms. Rebecca Dietz |
| Deputy Chief Administrative Officer – Operations | Mr. Scott Hutcheson |
| Health Director | Ms. Marsha Broussard |
| Superintendent - Fire | Chief Timothy McConnell |
| Superintendent - Police | Chief Michael Harrison |
| Director of Finance | Mr. Norman S.J. Foster |

CITY OF NEW ORLEANS, LOUISIANA
 New Orleans City Government Organizational Chart



FINANCIAL SECTION

Independent Auditors' Report

The Honorable Mayor and Members
City Council of the City of New Orleans, Louisiana:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Orleans, Louisiana (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Sewerage and Water Board, the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, New Orleans Municipal Yacht Harbor Management Corporation, New Orleans Building Corporation, and the Downtown Development District, which represent 68% and 78% respectively, of the assets and revenues of the aggregate discretely presented component units; the Employees' Retirement System of the City of New Orleans, which represent 78% of the assets and 45% of the additions and revenues of the aggregate remaining fund information; and the Board of Liquidation, City Debt, which is included in a major fund which represent 14% and 10% of assets and revenues of the governmental fund financial statements, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Orleans Tourism Marketing Corporation, the Orleans Parish Communication District, the Audubon Commission, the French Market Corporation, the Orleans Parish Hospital Service District A, the Downtown Development District, the New Orleans Building Corporation, the Employees' Retirement System of the City of New Orleans, and the Board of Liquidation, City Debt, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified audit opinions.

Summary of Opinions

| <u>Opinion Unit</u> | <u>Type of Opinion</u> |
|--|------------------------|
| Governmental Activities | Unmodified |
| Aggregate Discretely Presented Component Units | Qualified |
| General Fund | Unmodified |
| HUD Fund | Unmodified |
| FEMA Fund | Unmodified |
| Capital Projects Fund | Unmodified |
| Debt Service Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Sewerage and Water Board (the Board) have not been audited. The Board's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 59% and 51% percent of the assets and revenues, respectively, of the City's aggregate discretely presented component units.

Qualified Opinion

In our opinion, based on our audits and the reports of other auditors, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the City of New Orleans, as of December 31, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the basic financial statements, actual contributions made by the City to the Firefighters' Pension and Relief Fund – Old System (Old System) are made based on amounts necessary to pay current expenses, and, in effect, is being funded on a “pay-as-you-go” basis. City contributions were used to fund benefit payments of the current period. Without adequate contributions, the Old System will not be able to pay benefit and other payments due in fiscal year 2018. The total pension liability of the Old System, based on the most recent actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017, exceeded the fund's fiduciary net position by \$137,916,000. Additionally, as discussed in Note 8 to the basic financial statements, the total pension liability of the Firefighters' Pension and Relief Fund – New System (New System), based on the most recent actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017, exceeded the New System's fiduciary net position by \$328,564,000. A significant portion of the New System's investments are long-term positions and are not liquid. This may have a negative impact on future cash flows. Additional employer contributions may be required to fund benefit payments and other plan deductions in upcoming years.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, and the budgetary comparison information on pages 91 through 93, schedules required in accordance with GASB Statement Nos. 67 and 68 on pages 94 through 96, and schedules of funding progress in accordance with GASB Statement No. 45 on page 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, schedule of compensation, benefits, and other payments to the Mayor, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, affidavit of the City of New Orleans as tax collector, schedule of compensation paid to the City Council, and schedule of compensation, benefits, and other payments to the Mayor are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
June 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the City of New Orleans, Louisiana's (the City), financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the City's basic financial statements and the notes to the basic financial statements.

Financial Highlights

- The City's net position deficit on the government-wide basis was approximately \$243.5 million at December 31, 2017.
- The government-wide statement of activities reported a decrease in net position of \$13.8 million.
- 2017 general fund tax revenues increased by \$32.2 million, or 8.7% compared to 2016.
- The general fund reported an excess of revenues and other financing sources over expenses and other financing uses of \$1.7 million for a total ending fund balance surplus at December 31, 2017 of \$75.7 million. The general fund's unassigned fund balance at December 31, 2017 is a deficit of \$20.2 million.
- Total governmental funds reported a deficit of revenues and other financing sources over expenses and other financing uses of \$74.2 million.
- Total cash and investments of governmental funds amounted to \$355 million at December 31, 2017, a decrease of \$21.8 million compared to December 31, 2016.
- Total bonded debt amounted to \$777 million, a decrease of \$50 million over the beginning of the year total.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information to provide greater detail of data presented in the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and human services, culture and recreation, urban development and housing and economic development. All of the business-type activities of the City are undertaken through component units, which are presented separately.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund activities focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance provide a reconciliation between governmental funds and governmental activities.

The City maintains 67 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its five major funds: the General Fund, the Department of Housing and Urban Development (HUD) grant fund, the Federal Emergency Management Agency (FEMA) fund, the Debt Service Fund, and the Capital Projects Fund. Data from the other governmental funds are combined under the heading "Nonmajor Governmental Funds."

Proprietary Funds. The City does not directly maintain proprietary funds. Proprietary activities are included within component units of the City.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted and to provide information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted previously, net position over time, may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$241.6 million at December 31, 2017.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

Net Position

December 31, 2017 and 2016

(Amounts in thousands)

| | Governmental Activities | |
|---|--------------------------------|---------------------|
| | <u>2017</u> | <u>2016</u> |
| Current and other assets | \$ 468,914 | \$ 477,257 |
| Capital assets | 1,598,300 | 1,580,554 |
| Total assets | <u>2,067,214</u> | <u>2,057,811</u> |
| Deferred amounts related to net pension liability | 258,902 | 254,776 |
| Deferred loss on bond refunding | 6,016 | 6,811 |
| Total deferred outflows | <u>264,918</u> | <u>261,587</u> |
| Long-term liabilities | 2,220,263 | 2,315,838 |
| Other liabilities | 247,957 | 116,062 |
| Total liabilities | <u>2,468,220</u> | <u>2,431,900</u> |
| Deferred amounts related to net pension liability | 86,268 | 106,722 |
| Deferred gain on bond refunding | 1,100 | 1,327 |
| Unavailable revenue | 18,165 | 7,274 |
| Total deferred inflows | <u>105,533</u> | <u>45,852</u> |
| Net position: | | |
| Net investment in capital assets | 955,314 | 892,154 |
| Restricted | 76,485 | 115,038 |
| Unrestricted (deficit) | (1,273,420) | (1,235,017) |
| Total Net position | <u>\$ (241,621)</u> | <u>\$ (227,825)</u> |

The City's statement of net position reflects its net investment in capital assets in the amount of \$955.3 million at December 31, 2017. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided for by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted deficit net position in the amount of \$1,274 million is due to the City's recording of long-term obligations including claims and judgments, liabilities, accrued annual and sick leave. The unrestricted deficit increased by \$38.4 million, which is primarily due to the change in net position described below.

Governmental Activities

Total revenue increased by \$58.7 million or 6.6% from \$894.1 million in 2016 to \$952.9 million in 2017. This increase is primarily attributable to an increase in capital grants and contributions of \$32.2 million

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

and an increase of property taxes of \$17.1 million as a result of the continuation of the Adjudicated Property sale program and improved collection of ad valorem taxes and the addition of a French Quarter Sales tax.

Total expenses were \$966.7 million in 2017, an increase of \$167.1 million, or 20.6%, compared to \$801.5 million in 2016. General government expense increased \$143.7 million, or 60.5%, from \$237.7 million in 2016 to \$381.4 million in 2017 primarily due to an increase in mayoral priorities related to general governmental activities. Public Safety expense increased \$7.0 million, or 2.7%, from 264.9 million in 2016 to \$271.9 million in 2017 primarily due to an addition of 150 police officers and an increase in fire pension cost and additional personnel.

A comparison of 2017 to 2016 is as follows (amounts are reported in thousands):

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 186,176 | \$ 168,658 |
| Operating grants and contributions | 94,041 | 107,986 |
| Capital grants and contributions | 78,308 | 46,127 |
| General revenues: | | |
| Property taxes | 265,555 | 248,493 |
| Sales taxes | 218,051 | 203,235 |
| Other taxes | 50,659 | 55,927 |
| Unrestricted investment income | 25,232 | 22,705 |
| Legal settlement | - | - |
| Miscellaneous | 34,832 | 40,994 |
| Total revenues | <u>952,854</u> | <u>894,125</u> |
| Expenses: | | |
| General government | 381,449 | 237,698 |
| Public safety | 271,886 | 264,860 |
| Public works | 149,164 | 146,064 |
| Health and human services | 35,803 | 32,492 |
| Culture and recreation | 35,274 | 30,228 |
| Urban development and housing | 22,212 | 22,090 |
| Economic development | 10,295 | 7,434 |
| Interest and fiscal changes | 60,567 | 60,607 |
| Total expenses | <u>966,650</u> | <u>801,473</u> |
| Change in net position | (13,796) | 92,652 |
| Net position beginning of year, as restated | <u>(227,825)</u> | <u>(320,477)</u> |
| Net position, ending | <u>\$ (241,621)</u> | <u>\$ (227,825)</u> |

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

Financial Analysis of the Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of the fund balance which has not yet been limited in use for a particular purpose by either an external party, the City itself, or group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At December 31, 2017, the City's governmental funds reported combined fund balances of \$270.9 million, a decrease of \$74.2 million in comparison with the prior year. Included in this amount is a fund balance deficit of \$58.4 million which constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1.1 million), 2) restricted for particular purposes (\$115.0 million), 3) committed for particular purposes (\$160.6 million), or 4) assigned for particular purposes (\$52.6 million).

General Fund

The general fund is the chief operating fund of the City. At December 31, 2017, the general fund's fund balance increased by \$1.7 million from \$74.0 million in 2016 to \$75.7 million in 2017. Key factors relative to this change are as follows:

- Expenditures increased in 2017 to \$683.0 million compared to \$654.7 million in 2016, an increase of \$28.3 million, which represents a 4.3% increase in expenditures. General government expenditures increased due to a supplemental appropriation.
- Debt service expenditures for the general fund increased by \$1.2 million or 3.7% compared to 2016.
- Total revenues and other financing sources (uses), net, for the general fund increased by \$31.6 million in 2017 or 4.8% compared to 2016.
- Taxes increased by \$32.2 million or 8.7% as compared to 2016. Increase is due primarily to enhanced collection efforts.
- Fines and fees revenues increased by \$3.9 million or 10.5% as compared to 2016.
- Miscellaneous revenues decreased from \$44.5 million in 2016 to \$34.5 million in 2017, a decrease of \$10 million.
- Other financing sources (uses), net, decreased by approximately \$7.6 million. This decrease is due to increased debt to pay judicial settlements.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2017 and 2016.

| Revenues and Other Financing Sources | 2017 | % of | Increase | 2016 | % of |
|---|-------------------|---------------|-------------------------|-------------------|---------------|
| | Actual | Total | (Decrease) Over 2016 | Actual | Total |
| Taxes | 403,032 | 58.86% | \$ 32,249 | \$ 370,783 | 56.77% |
| Licenses and permits | 71,220 | 10.40 | 5,399 | 65,821 | 10.08 |
| Intergovernmental | 32,772 | 4.79 | 9,384 | 23,388 | 3.58 |
| Charges for services | 90,434 | 13.21 | (902) | 91,336 | 13.98 |
| Fines and forfeits | 40,999 | 5.99 | 3,909 | 37,090 | 5.68 |
| Interest income | 1,675 | 0.24 | 390 | 1,285 | 0.20 |
| Contributions, gifts, and donations | 37 | 0.01 | (1,255) | 1,292 | 0.20 |
| Legal settlement | — | — | - | - | — |
| Miscellaneous and other | 34,471 | 5.03 | (9,979) | 44,450 | 6.81 |
| Other financing sources (uses), net | 10,092 | 1.48 | (7,572) | 17,664 | 2.70 |
| | <u>\$ 684,732</u> | <u>100.0%</u> | <u>\$ 31,623</u> | <u>\$ 653,109</u> | <u>100.0%</u> |

The accompanying table shows the amount (in thousands) of general fund expenditures by function for 2017 and 2016.

| Expenditures | 2017 | % of | Increase | 2016 | % of | % of |
|---------------------------|-------------------|---------------|-------------------------|-------------------|---------------|---------------|
| | Actual | Total | (Decrease) Over 2016 | Actual | Total | Total |
| General government | \$ 228,389 | 33.56% | \$ (11,870) | \$ 240,259 | 36.70% | 58.43% |
| Public safety | 286,964 | 42.17 | 26,449 | 260,515 | 39.79 | 15.23 |
| Public works | 84,293 | 12.39 | 6,689 | 77,604 | 11.85 | 4.49 |
| Health and human services | 20,473 | 3.01 | 1,645 | 18,828 | 2.88 | 8.71 |
| Culture and Recreation | 27,643 | 4.06 | 1,749 | 25,894 | 3.95 | 1.96 |
| Debt service | 32,789 | 4.82 | 1,157 | 31,632 | 4.83 | 3.54 |
| | <u>\$ 680,551</u> | <u>100.0%</u> | <u>\$ 25,819</u> | <u>\$ 654,732</u> | <u>100.0%</u> | <u>100.0%</u> |

HUD Fund

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA). Revenues decreased by \$7.3 million from \$22.6 million in 2016 to \$15.2 million in 2017, and expenditures increased \$1.0 million from \$20 million in 2016 to \$21 million in 2017. The decrease in revenue was due to the timing of when expenditures are incurred and reimbursements are requested. The increase in expenditures was due to an increase in CDBG activity attributable to additional Department of Public Works expenses and demolitions.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

FEMA Fund

The FEMA Fund primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the FEMA fund at December 31, 2017 is primarily due to revenue that has been deferred and will be collected by the City in the future in addition to funds borrowed from the general fund to cover expenditures of the FEMA Fund. Revenue amounted to \$9.8 million in 2017 compared to \$21.6 million in 2016 while expenditures totaled \$17.5 million in 2017 compared to \$19.3 million in 2016. The decrease in expenditures is due to the City's continued closeout efforts with GOHSEP and FEMA. With significant progress made with the City's closeout process, final expenses have been submitted on over 80% of the City's projects with FEMA.

Debt Service Funds

The Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Fund was \$71.0 million at December 31, 2017, which was a \$12.4 million decrease compared to the prior year balance of \$83.4 million. The decrease is attributable to 2017 debt payments.

Capital Project Funds

The Capital Project fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the component units. Expenditures for capital projects in 2017 totaled \$108.2 million, an increase of \$22.3 million compared to 2016. Revenues were \$55.7 million in 2017 compared to \$50.0 million in 2016. The increase in revenues and expenditures were due to more projects under construction in 2017.

General Fund Budgetary Highlights

Variances between the general fund amended budget and actual expenditures are delineated in the schedule below. The 2017 amended budgeted revenues and expenditures were increased primarily to reflect the recognition of additional millages voted on and approved by the city council during 2017.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

| | Budget | 2017 Actual on budgetary basis | Variance Positive (Negative) |
|-------------------------------------|------------|---|------------------------------------|
| Revenues | | | |
| Taxes | \$ 389,470 | \$ 404,114 | \$ 14,644 |
| Licenses and permits | 64,010 | 71,220 | 7,210 |
| Intergovernmental | 31,620 | 32,772 | 1,152 |
| Charges for services | 88,901 | 89,825 | 924 |
| Fines and forfeits | 54,324 | 40,998 | (13,326) |
| Interest income | 429 | 1,675 | 1,246 |
| Contributions, gifts, and donations | 690 | 37 | (653) |
| Miscellaneous | 31,604 | 34,473 | 2,869 |
| Total Revenues | 661,048 | 675,114 | 14,066 |
| Expenditures | 700,905 | 686,985 | 13,920 |
| Other financing sources (uses), net | 39,857 | 10,367 | (29,490) |
| Change in fund balance | \$ - | \$ (1,504) | \$ (1,504) |

Capital Assets

Capital assets at December 31, 2017 and 2016 are as follows (net of depreciation):

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Land | \$ 94,474 | \$ 94,474 |
| Construction in progress | 317,299 | 304,888 |
| Buildings, improvements, and equipment | 383,569 | 368,277 |
| Other | 5,533 | 25,575 |
| Infrastructure assets | 797,425 | 810,020 |
| | <u>\$ 1,598,300</u> | <u>\$ 1,603,234</u> |

Hurricane Katrina and the related flooding caused physical damage to the City's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation. Rebuilding efforts of the previous years have once again begun to increase and, as a result, the replacement and repair costs for these assets have led to an increase in construction in progress of \$12.4 million at December 31, 2017 compared to \$304.9 million at December 31, 2016. See Note 5 for detailed capital asset activity during 2017.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

Debt Administration

Outstanding general obligation bonds at December 31, 2017 totaled \$550.9 million, all of which are considered to be net, direct-tax supported debt.

| | Outstanding Debt | |
|---|-------------------------|-------------------|
| | <u>2017</u> | <u>2016</u> |
| General obligation bonds | \$ 550,864 | \$ 577,562 |
| Accreted GO 1991 refunding bonds | 20,445 | 38,964 |
| Limited tax bonds | 14,825 | 18,353 |
| Taxable limited tax bonds | 185,290 | 186,200 |
| Revenue bonds | 5,280 | 5,905 |
| Total bonds | <u>776,704</u> | <u>826,984</u> |
| Notes payable (vehicle and equipment loans) | 12,365 | 6,260 |
| Capital leases | 1,591 | 4,650 |
| Go Zone Notes | 35,494 | 64,854 |
| Section 108 HUD loans | 870 | 3,615 |
| Total outstanding debt | <u>\$ 827,024</u> | <u>\$ 906,393</u> |

The following is a summary of debt transactions:

| | |
|------------------------------|-------------------|
| Balance at January 1, 2017 | \$ 906,393 |
| New issues | 19,200 |
| Forgiven | (0) |
| Payments | <u>(98,569)</u> |
| Balance at December 31, 2015 | <u>\$ 827,024</u> |

The Louisiana Legislature, in Act 1 of 1994, increased the City's general obligation bond debt limit to an amount equal to the greater of (i) \$500,000,000 or (ii) 35% of total assessed valuation of the City. Under Act 1, based on the most recent assessed valuations, the City's debt limit is \$1.4 billion as of December 31, 2017. At December 31, 2017, the City's legal debt margin adjusted for outstanding principal of \$550.9 million and past and future accretion of \$20.1 million on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$71.0 million to service this debt was \$900 million. As of December 31, 2017, Moody's general obligation bond rating for the City was "A3", Fitch general obligation bond rating was "A+", and Standard & Poor's general obligation bond rating was "AA-". See Note 6 for detailed long-term debt activity for 2017.

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

Economic Factors and Next Year's Budgets and Rates

The General Fund's amended budgeted revenues and other financing sources exceeded the adopted budgeted revenues and other financing sources by approximately \$39.9 million and final budgeted expenditures and other financial uses exceeded original budgeted expenditures and financial uses by approximately \$38.5 million. The City anticipates an increase in 2018 expenditures to address the Mayor's Budget Priorities as a result of the community meetings held in every council district during July and August of 2017 and address the issues that are most important to the citizens. The areas were defined as Public Safety & Preparedness, Children and Families, Economic Development & Opportunities, Sustainable & Resilient Communities and Open, Effective & Innovative Government.

The City's General Fund recurring revenues are forecasted for FY 2018 as \$625 million. General Fund revenues are forecast to grow modestly between 2019 and 2021.

The following table presents an adopted budget comparison for 2018, 2017, and 2016 (amounts in thousands):

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--------------------------------------|-------------|-------------|-------------|
| Revenues and other financing sources | \$ 646,301 | \$ 614,915 | \$ 619,616 |
| Expenditures | \$ 646,301 | \$ 614,915 | \$ 619,616 |

According to the Bureau of Labor Statistics, Gross Domestic Product in 2017 grew by 1.3 percent to a rate of 4.1 percent. The United States labor market saw robust growth at an average rate of about 169,000 jobs per month in 2017. The unemployment held steady at 4.1 percent for the last quarter of 2017. From December 2016 to December 2017, the Consumer Price Index rose 2.1 percent.

Partnerships between the City, State and Federal Government and the business community have been critical to the City's economic success. The City's economic development efforts have been effective in attracting new businesses and new jobs. Highlights over the past 7 years include: Introducing a comprehensive strategy to connect disadvantaged job seekers and businesses to new opportunities, unveiling an economic opportunity strategy and the Network for Economic opportunity. Since 2010, the city has created over 20, 000 new jobs and opened more than 140 new retail and restaurant openings. The city's African –American male under-employment rate decreased from 52 percent to 48 percent. Mayor Landrieu created a robust Office of Supplier Diversity to track and enforce compliance with the city's goal for DBE participation. The city launched BuildNOLA, which prepares businesses for sustainable growth by focusing on increased revenue, new contracting opportunities, and job creation. Since its launch, the program has created 74 new jobs and generated over \$5 million in public and private contracts to graduates. The City raised the minimum wage for all city employees through the Great Places to Work Initiative. The City has raised the minimum wage for city employees to \$10.10 and for contractors to \$10.50. Over the last seven years, unemployment has been nearly cut in half since its peak in 2010.

From the beginning of the Landrieu Administration, we have been committed to creating a city that every resident of New Orleans could benefit from. Through a number of initiatives including BuildNOLA,

CITY OF NEW ORLEANS, LOUISIANA

Management's Discussion and Analysis

December 31, 2017

STRIVENOLA and the Disparity Study launched in 2017, we have been able to create pathways to prosperity and connect the people of New Orleans to real opportunities. As we approach the City's 300th birthday, we stand confident in the legacy of our work and are thankful for the countless partners and residents who helped New Orleans stand and be all that she is today.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to the Office of the Director of Finance, City of New Orleans, 1300 Perdido Street, Room 3E06, New Orleans, Louisiana 70112.

BASIC FINANCIAL STATEMENTS

CITY OF NEW ORLEANS, LOUISIANA
Statement of Net Position
December 31, 2017
(Amounts in Thousands)

| | <u>Primary Governmental Activities</u> | <u>Component Units</u> |
|--|--|----------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 114,090 | \$ 116,570 |
| Investments | 241,274 | 82,747 |
| Receivables (net of allowance for uncollectibles): | | |
| Taxes | 26,554 | 11,345 |
| Accounts | 16,358 | 66,488 |
| Interest | 132 | 925 |
| Grantee loans | 299 | 81,420 |
| Other | - | 18,525 |
| Due from component units | 13,328 | - |
| Due from other governments | 56,863 | 746 |
| Other assets | 16 | 23,545 |
| Restricted cash and investments | - | 873,901 |
| Capital assets (net of accumulated depreciation) | 1,598,300 | 4,497,865 |
| Total assets | <u>2,067,214</u> | <u>5,774,077</u> |
| Deferred Outflows of Resources | | |
| Deferred amounts related to net pension liability | 258,902 | 32,919 |
| Deferred loss on bond refunding | 6,016 | 17,318 |
| Total deferred outflows of resources | <u>264,918</u> | <u>50,237</u> |
| Liabilities | | |
| Accounts payable | 108,505 | 115,937 |
| Retainages payable | 2,269 | 11,059 |
| Accrued expenses | 1,982 | 56,654 |
| Taxes payable | 5,942 | - |
| Accrued interest payable | 6,056 | 31,151 |
| Due to component units | 20,306 | - |
| Due to other governments | 3,279 | 14,068 |
| Liabilities payable from restricted assets | - | 48,800 |
| Long-term liabilities due within one year | 99,618 | 56,212 |
| Long-term liabilities due in more than one year | 2,220,263 | 2,317,889 |
| Total liabilities | <u>2,468,220</u> | <u>2,651,770</u> |
| Deferred Inflows of Resources | | |
| Deferred amounts related to net pension liability | 86,268 | 5,007 |
| Deferred gain on bond refunding | 1,100 | - |
| Unavailable revenue | 18,165 | - |
| Total deferred inflows of resources | <u>105,533</u> | <u>5,007</u> |
| Net Position | | |
| Net investment in capital assets | 955,314 | 3,043,040 |
| Restricted for debt service | 71,036 | 209,801 |
| Restricted for capital improvement | 5,449 | 146,577 |
| Restricted for operating reserve | - | 14,169 |
| Unrestricted (deficit) | (1,273,420) | (246,050) |
| Total net position (deficit) | <u>\$ (241,621)</u> | <u>\$ 3,167,537</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Activities
Year ended December 31, 2017
(Amounts in thousands)

| Functions/Programs | Expenses | Program revenues | | | Net (expense) revenue and changes in net position | |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|---------------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary governmental activities | Component units |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 381,449 | \$ 68,411 | \$ 20,083 | \$ 15,005 | \$ (277,950) | \$ - |
| Public safety | 271,886 | 37,486 | 13,132 | 9,780 | (211,488) | - |
| Public works | 149,164 | 58,570 | 3,111 | 48,957 | (38,526) | - |
| Health and human services | 35,803 | 16,652 | 27,001 | 3,572 | 11,422 | - |
| Culture and recreation | 35,274 | 964 | 3,150 | 994 | (30,166) | - |
| Urban development and housing | 22,212 | 4,023 | 22,879 | - | 4,690 | - |
| Economic development | 10,295 | 70 | 4,685 | - | (5,540) | - |
| Interest and fiscal charges | 60,567 | - | - | - | (60,567) | - |
| Total primary government | <u>\$ 966,650</u> | <u>\$ 186,176</u> | <u>\$ 94,041</u> | <u>\$ 78,308</u> | <u>(608,125)</u> | <u>-</u> |
| Component units: | | | | | | |
| Audubon Commission | \$ 61,246 | \$ 41,276 | \$ - | \$ 13,079 | - | (6,891) |
| Louis Armstrong New Orleans International Airport | 80,161 | 78,486 | - | 29,780 | - | 28,105 |
| Sewerage and Water Board | 198,717 | 202,985 | 2 | 105,311 | - | 109,581 |
| Other nonmajor component units | 137,450 | 101,775 | 269 | - | - | (35,406) |
| Total component units | <u>\$ 477,574</u> | <u>\$ 424,522</u> | <u>\$ 271</u> | <u>\$ 148,170</u> | <u>-</u> | <u>95,389</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | | | | | 265,555 | 75,735 |
| Sales taxes | | | | | 218,051 | - |
| Utility taxes | | | | | 10,215 | - |
| Culture and recreation taxes | | | | | 158 | - |
| Parking taxes | | | | | 1,359 | - |
| Franchise fees | | | | | 35,615 | - |
| Beverage taxes | | | | | 3,312 | - |
| Unrestricted investment income | | | | | 25,232 | 6,759 |
| Passenger facility charges | | | | | - | 41,484 |
| Miscellaneous | | | | | 34,834 | (3,171) |
| Total general revenues | | | | | <u>594,331</u> | <u>120,807</u> |
| Change in net position | | | | | (13,794) | 216,196 |
| Net position (deficit) – beginning of year | | | | | (201,870) | 2,951,341 |
| Prior period adjustments (note 16) | | | | | (25,957) | - |
| Net position (deficit) – beginning of year | | | | | <u>(227,827)</u> | <u>2,951,341</u> |
| Net position (deficit) – end of year | | | | | <u>\$ (241,621)</u> | <u>\$ 3,167,537</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Balance Sheet — Governmental Funds
December 31, 2017
(Amounts in thousands)

| | General | HUD | FEMA | Debt Service | Capital Projects | Nonmajor Governmental | Total Governmental Funds |
|--|-------------------|------------------|-----------------|------------------|---------------------|--------------------------|--------------------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 57,757 | \$ - | \$ - | \$ 1,456 | \$ 8,191 | \$ 46,686 | \$ 114,090 |
| Investments | 774 | - | - | 74,736 | 157,640 | 8,124 | 241,274 |
| Receivables (net of allowance): | | | | | | | |
| Sales taxes | 19,077 | - | - | - | - | - | 19,077 |
| Property taxes | 2,078 | - | - | 1,315 | - | 187 | 3,580 |
| Franchise taxes | 3,897 | - | - | - | - | - | 3,897 |
| Accounts | 14,213 | - | 25 | - | 370 | 1,750 | 16,358 |
| Accrued interest | 132 | - | - | - | - | - | 132 |
| Grantee loans | - | - | - | - | - | 299 | 299 |
| Due from other funds | 31,596 | - | 7 | - | - | 173 | 31,776 |
| Due from other governments | 6,337 | 10,747 | 7,818 | - | 26,505 | 5,456 | 56,863 |
| Due from component units | 6,513 | - | - | - | 6,815 | - | 13,328 |
| Other assets | 4 | - | - | - | - | 12 | 16 |
| Total assets | <u>\$ 142,378</u> | <u>\$ 10,747</u> | <u>\$ 7,850</u> | <u>\$ 77,507</u> | <u>\$ 199,521</u> | <u>\$ 62,687</u> | <u>\$ 500,690</u> |
| Liabilities | | | | | | | |
| Accounts payable | \$ 47,328 | \$ 4,756 | \$ 2,652 | \$ - | \$ 35,190 | \$ 18,579 | \$ 108,505 |
| Retainages payable | - | - | - | - | 2,269 | - | 2,269 |
| Accrued expenses | - | 13 | 26 | - | - | 1,943 | 1,982 |
| Due to other funds | 1 | 7,694 | 9,966 | - | 7,415 | 6,700 | 31,776 |
| Due to other governments | 1,297 | 1,295 | - | - | - | 687 | 3,279 |
| Due to component units | 5,541 | - | 14,728 | - | 37 | - | 20,306 |
| Total liabilities | <u>54,167</u> | <u>13,758</u> | <u>27,372</u> | <u>-</u> | <u>44,911</u> | <u>27,909</u> | <u>168,117</u> |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenue | 12,524 | 8,611 | 115 | 6,471 | 31,280 | 2,695 | 61,696 |
| Total deferred inflows of resources | <u>12,524</u> | <u>8,611</u> | <u>115</u> | <u>6,471</u> | <u>31,280</u> | <u>2,695</u> | <u>61,696</u> |
| Fund Balances | | | | | | | |
| Fund balances: | | | | | | | |
| Nonspendable | - | - | - | - | - | 1,086 | 1,086 |
| Restricted | 31,646 | 535 | - | 71,036 | 5,449 | 6,368 | 115,034 |
| Committed | 12,338 | - | - | - | 117,881 | 30,402 | 160,621 |
| Assigned | 51,861 | - | - | - | - | 715 | 52,576 |
| Unassigned | (20,158) | (12,157) | (19,637) | - | - | (6,488) | (58,440) |
| Total fund balances | <u>75,687</u> | <u>(11,622)</u> | <u>(19,637)</u> | <u>71,036</u> | <u>123,330</u> | <u>32,083</u> | <u>270,877</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 142,378</u> | <u>\$ 10,747</u> | <u>\$ 7,850</u> | <u>\$ 77,507</u> | <u>\$ 199,521</u> | <u>\$ 62,687</u> | <u>\$ 500,690</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
 Reconciliation of Balance Sheet — Governmental Funds to the
 Statement of Net Position
 December 31, 2017
 (Amounts in thousands)

| | |
|--|---------------------|
| Total fund balances – governmental funds | \$ 270,877 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 1,598,300 |
| Certain receivables are not available to pay for the current period's expenditures and, therefore, are deferred in the funds | 43,531 |
| The deferred gain and loss on bond refundings is not an available resource and, therefore, is not reported in the funds | 4,916 |
| Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements | (6,056) |
| Net pension liability balances in accordance with GASB Statement No. 68: | |
| Deferred outflows of resources | 258,902 |
| Deferred inflows of resources | (86,268) |
| Net pension liability | (918,609) |
| Taxes payable | (5,942) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Long-term liabilities consist of: | |
| Bonds payable | (802,606) |
| Loans payable | (48,729) |
| Capital leases payable | (1,591) |
| Annual and sick leave | (46,519) |
| Claims payable | (407,894) |
| Other long-term liabilities | (93,933) |
| Total net position (deficit) -- governmental activities | <u>\$ (241,621)</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2017
(Amounts in thousands)

| | General | HUD | FEMA | Debt Service | Capital Projects | Nonmajor Governmental | Total Governmental Funds |
|--|------------------|-------------------|-------------------|------------------|---------------------|--------------------------|--------------------------------|
| Revenues: | | | | | | | |
| Taxes | \$ 403,032 | \$ - | \$ - | \$ 83,407 | \$ - | \$ 15,343 | \$ 501,782 |
| Licenses and permits | 71,220 | - | - | - | - | - | 71,220 |
| Intergovernmental | 32,772 | 14,789 | 9,762 | 958 | 62,898 | 30,803 | 151,982 |
| Charges for services | 90,434 | - | - | - | - | 48 | 90,482 |
| Program income | - | 451 | 55 | - | - | 432 | 938 |
| Fines and forfeits | 40,999 | - | - | - | - | 5,464 | 46,463 |
| Interest income | 1,675 | - | - | 1,028 | 34 | 64 | 2,801 |
| Contributions, gifts and donations | 37 | - | - | - | - | 6,805 | 6,842 |
| Miscellaneous | 34,471 | - | - | - | - | 2,178 | 36,649 |
| Total revenues | <u>674,640</u> | <u>15,240</u> | <u>9,817</u> | <u>85,393</u> | <u>62,932</u> | <u>61,137</u> | <u>909,159</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 228,389 | 1,731 | 15,949 | 580 | - | 16,835 | 263,484 |
| Public safety | 286,964 | - | 292 | - | - | 9,082 | 296,338 |
| Public works | 84,293 | 1,313 | - | - | 7,277 | 2,248 | 95,131 |
| Health and human services | 20,473 | - | - | - | - | 15,330 | 35,803 |
| Culture and recreation | 27,643 | - | - | - | - | 6,622 | 34,265 |
| Urban development and housing | - | 17,973 | 1,236 | - | - | 3,003 | 22,212 |
| Economic development and assistance | - | - | - | - | - | 10,295 | 10,295 |
| Capital outlays | 2,444 | - | - | - | 108,156 | 220 | 110,820 |
| Debt service: | | | | | | | |
| Principal | 23,158 | - | - | 50,629 | - | 400 | 74,187 |
| Interest and fiscal charges | 9,631 | - | - | 50,262 | - | 40 | 59,933 |
| Bond issuance costs | - | - | - | 98 | - | - | 98 |
| Total expenditures | <u>682,995</u> | <u>21,017</u> | <u>17,477</u> | <u>101,569</u> | <u>115,433</u> | <u>64,075</u> | <u>1,002,566</u> |
| Excess (deficiency) of revenue over expenditures | (8,355) | (5,777) | (7,660) | (16,176) | (52,501) | (2,938) | (93,407) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 92 | - | - | 3,852 | - | 500 | 4,444 |
| Transfers out | - | - | - | - | (92) | (4,352) | (4,444) |
| Proceeds from issuance of bonds | 10,000 | - | - | - | 9,200 | - | 19,200 |
| Total other financing sources (uses) | <u>10,092</u> | <u>-</u> | <u>-</u> | <u>3,852</u> | <u>9,108</u> | <u>(3,852)</u> | <u>19,200</u> |
| Net change in fund balances | 1,737 | (5,777) | (7,660) | (12,324) | (43,393) | (6,790) | (74,207) |
| Fund balances – beginning of year | 73,985 | (5,845) | (11,977) | 83,360 | 169,935 | 38,903 | 348,361 |
| Prior period adjustments | (35) | - | - | - | (3,212) | (30) | (3,277) |
| Fund balances – beginning of year, as restated | <u>73,950</u> | <u>(5,845)</u> | <u>(11,977)</u> | <u>83,360</u> | <u>166,723</u> | <u>38,873</u> | <u>345,084</u> |
| Fund balances – end of year | <u>\$ 75,687</u> | <u>\$(11,622)</u> | <u>\$(19,637)</u> | <u>\$ 71,036</u> | <u>\$ 123,330</u> | <u>\$ 32,083</u> | <u>\$ 270,877</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 Year ended December 31, 2017
 (Amounts in thousands)

| | |
|---|--------------------|
| Net change in fund balances -- total governmental funds | \$ (74,207) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that capital outlays exceeded depreciation and loss on disposals in the current period. | 17,746 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This represents the change in deferred revenue. | 25,003 |
| The decrease in taxes payable related to current year refunds due to taxpayers does not consume current resources in the governmental funds, but decreases tax revenue in the statement of activities. | 3,474 |
| The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities: | |
| Change in interest payable | 57 |
| Amortization of deferred loss on bond refunding | (568) |
| Bond and note principal payments | 74,187 |
| Issuance of bonds and note payable | (19,200) |
| Amortization of bond discount and premium | 22,398 |
| Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceeded amounts paid in the current period. | (2,516) |
| Legal claims and judgments are recorded in the governmental funds when paid, but are recorded in the statement of activities when incurred. This represents the amount claims paid and changes in estimates to claims exceed new claims incurred in the current period. | (87,088) |
| Changes in estimates related to municipal landfill closure costs do not consume current financial resources in the governmental funds, but are expensed in the statement of activities. | 238 |
| Other post retirement benefits contributions are recorded as expenditures when paid by the governmental funds. This is the amount that the annual other post retirement benefit costs exceeded the other post retirement benefit contributions. | 41 |
| Change in net pension liability and deferred inflows and outflows in accordance with GASB 68 | <u>26,641</u> |
| Change in net position of governmental activities | <u>\$ (13,794)</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Fiduciary Net Position
December 31, 2017
(Amounts in thousands)

| | Assets | Pension Trust Funds | Agency Funds |
|--|-------------------------------------|------------------------------------|-------------------------|
| Cash | | \$ 1,199 | \$ 58,878 |
| Investments | | | |
| Cash equivalents | | 57,792 | - |
| Fixed income securities | | 90,079 | - |
| Equities | | 207,384 | - |
| Investment in corporations, partnerships, and limited liability corporations | | 17,290 | - |
| Investment in hedge funds and private equity funds | | 26,251 | - |
| Investment in real estate | | 14,451 | - |
| Other | | 20,380 | 18,235 |
| Receivables: | | | |
| Accounts | | - | 108 |
| Accrued interest | | 94 | - |
| Contribution | | 3,476 | - |
| Other | | 2,475 | - |
| Total assets | | <u>440,871</u> | <u>77,221</u> |
| | Liabilities and Net Position | | |
| Liabilities: | | | |
| Accounts payable | | 174 | - |
| Other payables and accruals | | 724 | 77,221 |
| Total liabilities | | <u>898</u> | <u>77,221</u> |
| Net position held in trust for pension benefits | | <u>\$ 439,973</u> | <u>\$ -</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Statement of Changes in Fiduciary Net Position
Year ended December 31, 2017
(Amounts in thousands)

| | <u>Pension Trust Funds</u> |
|---|--------------------------------|
| Additions: | |
| Contributions: | |
| Employer | \$ 74,205 |
| Members | 10,688 |
| Fire insurance rebate | 1,675 |
| Other | 1,311 |
| Total contributions | <u>87,879</u> |
| Investment income: | |
| Net appreciation in fair value of investments | 42,811 |
| Interest and dividends | 5,585 |
| Other investment income | 10 |
| Total investment income | <u>48,406</u> |
| Investment expense | <u>(1,760)</u> |
| Net investment income | <u>46,646</u> |
| Total additions | <u>134,525</u> |
| Deductions: | |
| Pension benefits | 83,274 |
| Refunds of member contributions | 1,467 |
| Death benefits | 475 |
| Administrative expenses | 1,340 |
| DROP withdrawal | 10,328 |
| PLOP withdrawal | 3,247 |
| Transfers to other plans | 1,167 |
| Total deductions | <u>101,298</u> |
| Change in net position | 33,227 |
| Net position held in trust for pension benefits – beginning of year | <u>406,746</u> |
| Net position held in trust for pension benefits – end of year | <u>\$ 439,973</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Net Position
Component Units
December 31, 2017
(Amounts in thousands)

| Assets | Audubon Commission | Louis Armstrong New Orleans International Airport | (Unaudited) Sewerage and Water Board | Nonmajor Component Units | Total |
|--|-----------------------|---|--|--------------------------------|---------------------|
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 459 | \$ 12,896 | \$ 30,077 | \$ 73,138 | \$ 116,570 |
| Investments | - | 80,706 | - | 2,041 | 82,747 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Property taxes | - | - | 10,841 | 504 | 11,345 |
| Accounts | 444 | 7,765 | 40,773 | 17,506 | 66,488 |
| Accrued interest | - | 841 | - | 84 | 925 |
| Grants | - | - | 81,420 | - | 81,420 |
| Other | - | - | 4,256 | 14,269 | 18,525 |
| Due from other governments | - | 52 | - | 694 | 746 |
| Inventory of supplies | 1,320 | - | 4,980 | - | 6,300 |
| Prepaid expenses and deposits | 725 | 435 | 1,516 | 3,197 | 5,873 |
| Other assets | - | - | - | 717 | 717 |
| Total current assets | <u>2,948</u> | <u>102,695</u> | <u>173,863</u> | <u>112,150</u> | <u>391,656</u> |
| Restricted cash and investments: | | | | | |
| Customer deposits | - | - | 14,301 | 3,009 | 17,310 |
| Future debt service account | - | - | 46,606 | 231 | 46,837 |
| Capital improvements | 3,694 | - | 115,148 | - | 118,842 |
| Health insurance reserve | - | - | 2,108 | - | 2,108 |
| Receivables | 500 | 29,270 | - | - | 29,770 |
| Other | - | 649,250 | 3,922 | 5,862 | 659,034 |
| Total restricted assets | <u>4,194</u> | <u>678,520</u> | <u>182,085</u> | <u>9,102</u> | <u>873,901</u> |
| Capital assets (net of accumulated depreciation) | <u>151,274</u> | <u>1,054,049</u> | <u>3,068,566</u> | <u>223,976</u> | <u>4,497,865</u> |
| Other assets | <u>7,989</u> | <u>1,343</u> | <u>-</u> | <u>1,323</u> | <u>10,655</u> |
| Total assets | <u>166,405</u> | <u>1,836,607</u> | <u>3,424,514</u> | <u>346,551</u> | <u>5,774,077</u> |
| Deferred Outflows of Resources | | | | | |
| Deferred amounts related to net pension liability | - | 4,002 | 16,905 | 12,012 | 32,919 |
| Unamortized loss on advance refunding | 76 | 14,260 | 2,982 | - | 17,318 |
| Total deferred outflows of resources | <u>76</u> | <u>18,262</u> | <u>19,887</u> | <u>12,012</u> | <u>50,237</u> |
| Total assets and deferred outflows of resources | <u>\$ 166,481</u> | <u>\$ 1,854,869</u> | <u>\$ 3,444,401</u> | <u>\$ 358,563</u> | <u>\$ 5,824,314</u> |

(Continued)

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Net Position
Component Units
December 31, 2017
(Amounts in thousands)

| | Audubon Commission | Louis Armstrong New Orleans International Airport | (Unaudited) Sewerage and Water Board | Nonmajor Component Units | Total |
|--|-----------------------|---|--|--------------------------------|---------------------|
| Liabilities | | | | | |
| Current liabilities (payable from current assets): | | | | | |
| Accounts payable | \$ 6,671 | \$ 22,761 | \$ 76,038 | \$ 10,467 | \$ 115,937 |
| Retainages payable | - | - | 11,059 | - | 11,059 |
| Other payables and accruals | - | 2,050 | 25,549 | 29,055 | 56,654 |
| Due to other governments | - | 3,758 | 5,320 | 4,990 | 14,068 |
| Capital lease payable | 104 | - | - | - | 104 |
| Loans payable | - | - | 18,083 | - | 18,083 |
| Total current liabilities (payable from current assets) | <u>6,775</u> | <u>28,569</u> | <u>136,049</u> | <u>44,512</u> | <u>215,905</u> |
| Current liabilities (payable from restricted assets): | | | | | |
| Retainages payable | - | - | 2,228 | - | 2,228 |
| Capital projects payable | 1,328 | 45,194 | - | - | 46,522 |
| Accrued interest | 588 | 28,159 | 2,069 | 335 | 31,151 |
| Limited tax bonds | 3,185 | - | - | - | 3,185 |
| Loans payable, current portion | 1,469 | - | - | - | 1,469 |
| Bonds payable, current portion | - | 12,615 | 17,461 | 3,295 | 33,371 |
| Deposits and other | - | - | - | 50 | 50 |
| Total current liabilities (payable from restricted assets) | <u>6,570</u> | <u>85,968</u> | <u>21,758</u> | <u>3,680</u> | <u>117,976</u> |
| Total current liabilities | <u>13,345</u> | <u>114,537</u> | <u>157,807</u> | <u>48,192</u> | <u>333,881</u> |
| Long-term liabilities: | | | | | |
| Claims payable | - | - | 1,551 | - | 1,551 |
| Customer deposits | - | - | 12,240 | - | 12,240 |
| Other postretirement benefits liability | - | - | 77,649 | - | 77,649 |
| Limited tax bonds (net of current portion) | 11,267 | - | - | - | 11,267 |
| Revenue bonds (net of current portion and unamortized discounts) | - | - | 462,165 | 35,399 | 497,564 |
| Refunding bonds (net of current portion and unamortized loss on advance refunding) | - | 1,231,294 | - | - | 1,231,294 |
| Loans payable | 12,379 | 516 | 47,761 | - | 60,656 |
| Net pension liability | - | 14,838 | 86,639 | 18,035 | 119,512 |
| Other | 2,616 | - | 199,833 | 103,707 | 306,156 |
| Total long-term liabilities | <u>26,262</u> | <u>1,246,648</u> | <u>887,838</u> | <u>157,141</u> | <u>2,317,889</u> |
| Total liabilities | <u>39,607</u> | <u>1,361,185</u> | <u>1,045,645</u> | <u>205,333</u> | <u>2,651,770</u> |
| Deferred Inflows of Resources | | | | | |
| Deferred amounts related to net pension liability | - | 1,733 | 2,396 | 878 | 5,007 |
| Total deferred inflows of resources | <u>-</u> | <u>1,733</u> | <u>2,396</u> | <u>878</u> | <u>5,007</u> |
| Net position | | | | | |
| Net investment in capital assets | 125,224 | 166,411 | 2,645,684 | 105,721 | 3,043,040 |
| Restricted for bond debt service | - | 161,393 | 46,606 | 1,802 | 209,801 |
| Restricted for capital improvements | - | 89,833 | 56,744 | - | 146,577 |
| Restricted for operating reserve | - | 11,930 | - | 2,239 | 14,169 |
| Unrestricted (deficit) | 1,650 | 62,384 | (352,674) | 42,590 | (246,050) |
| Total net position | <u>126,874</u> | <u>491,951</u> | <u>2,396,360</u> | <u>152,352</u> | <u>3,167,537</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 166,481</u> | <u>\$ 1,854,869</u> | <u>\$ 3,444,401</u> | <u>\$ 358,563</u> | <u>\$ 5,824,314</u> |

See accompanying notes to basic financial statements.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Activities
Component Units
December 31, 2017
(Amounts in thousands)

| | Program revenues | | | | Net (expense) revenue and changes in net position | | | | |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|---|--------------------------|--------------------------|---------------------|
| | Expenses | Charges for services | Operating grants and contributions | Capital grants and contributions | Audubon Commission | Louis Armstrong New Orleans International Airport | Sewerage and Water Board | Nonmajor Component Units | Total |
| Component units: | | | | | | | | | |
| Audubon Commission | \$ 61,246 | \$ 41,276 | \$ - | \$ 13,079 | \$ (6,891) | \$ - | \$ - | \$ - | \$ (6,891) |
| Louis Armstrong New Orleans International Airport | 80,161 | 78,486 | - | 29,780 | - | 28,105 | - | - | 28,105 |
| Sewerage and Water Board | 198,717 | 202,985 | 2 | 105,311 | - | - | 109,581 | - | 109,581 |
| Other nonmajor component units | 137,450 | 101,775 | 269 | - | - | - | - | (35,406) | (35,406) |
| Total component units | <u>\$ 477,574</u> | <u>\$ 424,522</u> | <u>\$ 271</u> | <u>\$ 148,170</u> | <u>(6,891)</u> | <u>28,105</u> | <u>109,581</u> | <u>(35,406)</u> | <u>95,389</u> |
| General revenues: | | | | | | | | | |
| Interest revenue | | | | | - | 2,316 | 4,274 | 169 | 6,759 |
| Property taxes | | | | | 11,319 | - | 57,204 | 7,212 | 75,735 |
| Passenger and customer facility charges | | | | | - | 41,484 | - | - | 41,484 |
| Other | | | | | 3,931 | (20,154) | (3,813) | 16,865 | (3,171) |
| Total general revenues | | | | | <u>15,250</u> | <u>23,646</u> | <u>57,665</u> | <u>24,246</u> | <u>120,807</u> |
| Changes in net position | | | | | 8,359 | 51,751 | 167,246 | (11,160) | 216,196 |
| Net position – beginning of year | | | | | 118,515 | 440,200 | 2,229,114 | 163,512 | 2,951,341 |
| Net position – beginning | | | | | 118,515 | 440,200 | 2,229,114 | 163,512 | 2,951,341 |
| Net position – ending | | | | | <u>\$ 126,874</u> | <u>\$ 491,951</u> | <u>\$ 2,396,360</u> | <u>\$ 152,352</u> | <u>\$ 3,167,537</u> |

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

The basic financial statements of the City of New Orleans, Louisiana (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the City are described in the following notes to the basic financial statements.

The City was incorporated in 1805. The City's system of government was established by its Home Rule Charter, which became effective in 1954 and was amended effective January 1, 1996. The City operates under a Mayor-Council form of government and provides the following types of services as authorized by its charter: public safety, health and human services, public works, water and sewerage, urban development and housing, economic development, culture and recreation, airport, and general government services. Education and welfare are administered by other governmental entities.

Basis of Presentation – Financial Reporting Entity

The accompanying financial statements include financial statements for the City and certain legally separate organizations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. Organizations are included if the City is financially accountable for them and the relationship creates a financial benefit or burden for the City. An organization may also be included if the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization. An organization can provide a financial benefit to, or impose a financial burden on, the City in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the City or agreements between the City and a component unit.

Component Units

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. Each blended and discretely presented component unit has a December 31 year-end.

Complete financial statements of the following individual discretely presented component units can be obtained from their administrative offices:

Audubon Commission
6500 Magazine Street
New Orleans, Louisiana, 70118

Downtown Development District
201 St. Charles Avenue, Suite 3912
New Orleans, Louisiana 70170

Parking Facilities Corporation
400 Poydras Tower
New Orleans, LA 70130

French Market Corporation
1008 N. Peters Street, 3 floor
New Orleans, Louisiana 70116

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Louis Armstrong New Orleans International Airport
New Orleans Aviation Board
P.O. Box 20007
New Orleans, Louisiana 70141

New Orleans Municipal Yacht Harbor
Management Corporation
401 North Roadway
New Orleans, Louisiana 70124

New Orleans Building Corporation
1340 Poydras Street, Suite 1000
New Orleans, Louisiana 70112

New Orleans Tourism Marketing Corporation
2020 St. Charles Avenue
New Orleans, Louisiana 70130

Orleans Parish Communication District
118 City Park Avenue
New Orleans, Louisiana 70119

Orleans Parish Hospital Service District A
5620 Read Boulevard
New Orleans, Louisiana 70127

Sewerage and Water Board
625 St. Joseph Street
New Orleans, Louisiana 70165

Blended Component Units

Blended component units, although legally separate entities, are, in substance, part of the City's operations, as they provide services exclusively or almost exclusively for the City. The following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because they are, in substance, part of the government's operations. Blended means the data from these units are combined with data of the primary government.

Board of Liquidation, City Debt (The Board) – The Board is a separate legal entity and is included (blended) in the operations of the debt service fund and governmental activities of the City because it handles all matters relating to the bonded debt of the City.

In addition, the following component units are reported as pension trust funds:

Employees' Retirement System of the City of New Orleans (NOMERS) – NOMERS is a separate legal entity established by City ordinance to provide pension benefits for substantially all City employees, except police officers and fire fighters. NOMERS is presented as a pension trust fund because NOMERS serves the employees of the City. The net position of NOMERS is held for the sole benefit of the participants and is not available for appropriation.

Firefighters' Pension and Relief Fund (FPRF) – FPRF is a separate legal entity established by State law to provide pension benefits for City firefighters. FPRF is presented as a pension trust fund. The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. The net position of FPRF is held for the sole benefit of the participants and is not available for appropriation.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Police Pension Fund – The Police Pension Fund (old plan) for the police department of the City of New Orleans was for pensioning all officers, members, and employees of the police department, their widows, children, and widowed mothers. The board of trustees administers, manages, operates, and controls the police pension fund of the City of New Orleans. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees’ Retirement System (State of Louisiana) (MPERS).

Discretely Presented Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City.

The following are the City’s discretely presented component units:

Discretely Presented Component Units

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

Louis Armstrong New Orleans International Airport (the Airport)

Local government corporation established in 1943 by the City to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City with approval of the City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

Downtown Development District

Local government corporation created by Act 498 of 1974 and amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature, effective January 1, 1975. The District is a special taxing district designated “the Core Area Development District of the City of New Orleans,” later renamed the Downtown Development District of the City of New Orleans, comprising all the territory within prescribed boundaries. The Board of Directors is composed of 11 members for governance of the District. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| Discretely Presented Component Units | Brief Description of Activities, Relationship to City, and Key Inclusion Criteria |
|--|---|
| <i>Sewerage and Water Board</i> | <p>A local government corporation created by the City through Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In accordance with Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The board is composed of 11 members, including the Mayor of the City as the President of the Board, two members of the Board of Liquidation, City Debt, and eight citizens, as designated by the State statutes. The terms of office are staggered from one year to four years, as designated by State statutes. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p> |
| <i>Audubon Commission (the Commission)</i> | <p>The Commission was created by the Louisiana Legislature to manage and operate its facilities consisting of nine museums and parks dedicated to celebrating the wonders of nature, with goals of fostering education, research, wildlife conservation, family entertainment, and positive economic impact. The Commission has a 24-member board appointed by the Mayor. Each member serves a six-year term, with four members' terms expiring each year. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p> |
| <i>New Orleans Municipal Yacht Harbor Management Corporation</i> | <p>Local corporation formed by the City to operate the Municipal Yacht Harbor in the manner comparable to that of a private business enterprise; to provide a safe and secure environment for recreational boating; to ensure that the cost associated with providing services to the general public are financed or recovered through user fee and charge; and to place an emphasis on generating a sufficient amount of net operating revenues to be used for maintenance and capital improvement projects. The Municipal Yacht Harbor is administered by a Board of Directors consisting of 11 members, 9 of which are appointed by the Mayor, subject to City Council approval, and are voting members. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p> |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| Discretely Presented Component Units | Brief Description of Activities, Relationship to City, and Key Inclusion Criteria |
|--|--|
| <i>New Orleans Tourism Marketing Corporation</i> | <p>A local government corporation created by the City on January 1, 1990. Its objectives and purposes are to continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national, and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination; to stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the U.S. and the World; and to advance, promote, and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means. A 15-member Board of Directors is appointed in various ways. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p> |
| <i>French Market Corporation</i> | <p>Local government corporation formed January 1, 1972 by the City to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The French Market is a nonprofit corporation that is owned by the City and administered by a board of directors consisting of 12 members appointed by the Mayor. On March 17, 2014, the Upper Pontalba Building Corporation (the Upper Pontalba), a Louisiana Public Benefit Corporation, organized on July 14, 1988 merged into the French Market Corporation. Prior to the merger, the Upper Pontalba's operational purpose was to renovate and operate the Upper Pontalba Building, a four-story residential and commercial (64 unit space facility) located in the French Quarter. As a result of the approved and certified merger, the Market and the Upper Pontalba became one corporation, which the Market was the surviving corporation and the Upper Pontalba ceased to exist. As the surviving corporation, the Market possessed all the rights, privileges and franchises it previously possessed, as well as, those possessed by the Upper Pontalba. Additionally, all property and assets and debts of the Upper Pontalba transferred to and vested in the Market. The Market is responsible for all liabilities and obligations of the Upper Pontalba. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.</p> |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Discretely Presented Component Units

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

New Orleans Building Corporation

Nonprofit, public benefit corporation, incorporated in the State of Louisiana on May 4, 2000 for the purpose of owning, leasing, developing and operating properties owned by the City of New Orleans or by the Corporation. The organization's board of directors is comprised of the Mayor of the City, three Council members of the City of New Orleans, and three appointed positions. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

Orleans Parish Communication District

The Orleans Parish Communication District, comprising of Orleans Parish, was created effective July 13, 1982, pursuant to Act No. 155 of the 1982 Regular Session of the Louisiana Legislature. The district was created for the purpose of establishing a local emergency telephone service; to establish a primary emergency telephone number; to provide for the governing body of the District; and to authorize the governing authority of such district to levy an emergency telephone tax. This act was amended by Act No. 1029 in 1999 to provide for the creation of multi-parish communications districts; to provide information relative to the rate of the emergency telephone service charge on landline phones; and to authorize the levy of an emergency telephone service charge on certain wireless communications systems. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| Discretely Presented Component Units | Brief Description of Activities, Relationship to City, and Key Inclusion Criteria |
|--------------------------------------|---|
|--------------------------------------|---|

Parking Facilities Corporation

Parking Facilities Corporation was created effective September of 2001. The purpose of the Parking Facilities Corporation is to construct, own, and operate the long-term parking garage at the Louis Armstrong International Airport. The Board consists of five members: One appointed by the Mayor, one appointed by the President of the New Orleans Building Corporation, one appointed by the City Council, one appointed by the New Orleans Tourism Marketing Corporation, and one appointed by the President of CEO of the Operator of the Garage. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

Orleans Parish Hospital Service District A

Louisiana hospital service district was created and made effective July 5, 2006, pursuant to Act No. 830 of the 2006 Regular Session of the Louisiana Legislature. The district was created for the purpose of studying the feasibility of building or acquiring and operating hospital facilities within the District. The district is divided into two areas: (a) Orleans Parish east of the Industrial Canal and (b) all of Orleans Parish except the geographical areas of the Industrial Canal and the area of Orleans Parish bounded by Earhart Boulevard, Carrollton Avenue, Loyola Avenue, and Iberville Street. The two areas of the district are governed by separate governing boards consisting of thirteen commissioners each. The Chief Executive Officer of Orleans Parish appoints seven members of each board. The City has financial accountability because it appoints a voting majority of the Board, and the City can impose its will.

Related and Jointly Governed Organizations

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, for which the City is not financially accountable, and such organizations are, therefore, not reported as component units of the City even though the Mayor and/or the City Council may appoint a voting majority of an organization's board.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Related Organizations

For the following organizations, the Mayor and/or the City Council appoints a voting majority of the members of the respective boards.

- Housing Authority of New Orleans
- Finance Authority of New Orleans
- New Orleans Redevelopment Authority
- Public Belt Railroad Commission
- Regional Transit Authority

Jointly Governed Organizations

The City is a participant in other jointly governed organizations. The Mayor and/or the City Council appoints members of the boards for the following organizations. Such appointments represent less than a voting majority of the respective boards. There is no ongoing financial interest or ongoing financial responsibility for these entities.

- New Orleans Regional Loan Corporation
- New Orleans City Park Improvement Association
- New Orleans Exhibition Hall Authority
- Regional Planning Commission

Basis of Presentation – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Activity for the City and its discretely presented component units are reported separately in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements. The effect of interfund activity has been eliminated in these statements.

Governmental activities are supported in part by property taxes, sales taxes, franchise taxes, charges for services, and grant revenues from the federal government and the State of Louisiana.

The statement of activities reports the change in the City's net position from January 1, 2017 to December 31, 2017. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The identification of major funds is determined by the City each year under the methods outlined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – of State and Local Governments: Omnibus GASB Statements*.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources, and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds:

- (a) **General Fund** -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- (b) **HUD Fund** -- This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD). Some of the major initiatives are Community Development Block Grants (CDBG), HOME Investment Partnership Act Program (HOME), Emergency Shelter Grant (ESG) Program, and Housing Opportunities for Persons with HIV/AIDS (HOPWA).
- (c) **FEMA Fund** -- This special revenue fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for hurricane relief efforts.
- (d) **Debt Service Fund** -- The debt service fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, limited tax bonds, and revenue bonds, including debt principal, interest, and related costs.
- (e) **Capital Projects Fund** -- The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. These include the following:

- (a) **Pension Trust Funds** -- account for the accumulation of resources for pension benefit payments to qualified employees.
- (b) **Agency Funds** -- are custodial in nature and do not involve measurement of results of operations.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Basis of Accounting-Measurement Focus

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities include all the financial activities of the City, except for the fiduciary funds, and its component units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Fund Financial Statements

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their reported fund balances are considered a measure of "available spendable resources." Governmental fund statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Under the modified accrual basis of accounting, revenues are recorded when considered both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers amounts collected within sixty days after year-end to be available and recognizes them as revenues of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to principal and interest on long-term debt, claims, judgments, landfill post-closing costs, and compensated absences are recognized when matured (i.e., due and payable).

The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; franchise fees; investment earnings; and grants. Intergovernmental revenues from reimbursable grants and capital projects are recognized when all eligibility requirements have been met and amounts are considered available. Non-current portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheet of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become available.

Licenses and permits, certain charges for services, fines, and forfeitures, and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

Pension Trust and Agency Funds

Pension trust funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized

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when incurred. Agency funds use the accrual basis of accounting, but do not involve the measurement of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the Statement of Activities.

Accounts Receivable

Property tax receivables of \$21,675,000 and grantee loan receivables of \$7,447,000 are shown net of an allowance of uncollectible amounts of \$17,910,000 and \$7,148,000, respectively. An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

Capital Assets

Capital assets (i.e., land, buildings, equipment, and improvements other than buildings), which include the City's infrastructure, and construction in progress are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial individual cost is \$5,000 or greater. Capital assets of the City are reported in the government-wide financial statements but not in the governmental fund financial statements. Assets subject to depreciation are depreciated using the straight-line method over estimated useful lives. Additions and improvements that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are expensed as incurred.

The City reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets. No impairment was recorded in 2017.

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The estimated useful lives (in years) of all depreciable assets are as follows:

| | |
|----------------------------|---------|
| Buildings and improvements | 20 – 40 |
| Equipment and vehicles | 5 – 10 |
| Infrastructure | 25 – 50 |
| Other | 5 – 15 |

Fully depreciated capital assets are included in the capital asset accounts until their disposal. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement, and any resulting gain or loss is recorded in the financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred loss on bond refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 8 for more information regarding deferred outflows of resources related to the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred gain on bond refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City received prepayments of property taxes levied for the subsequent year. These amounts are deferred and will be recognized as revenue in the subsequent year. In addition, the City has a type of deferred inflows which arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See Note 8 for more information regarding deferred inflows of resources related to the net pension liability.

Annual and Sick Leave

All full-time classified employees of the City hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 may accrue a maximum of 45 days of annual leave and an unlimited number of days of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon his or her current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued leave to additional days of service.

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For governmental funds, annual and sick leave expenditures are recorded when due and payable. All vacation and sick leave is accrued when earned at the government-wide level.

Litigation

Claims and judgments are recognized in the governmental funds as expenditures when due and payable. Therefore, claims and judgments that are due and payable would be expected to be liquidated with expendable available financial resources. To the extent that claims and judgments mature prior to December 31, 2017, and are payable from current financial resources, they are accrued at December 31, 2017. Other liabilities not expected to mature as of December 31, 2017 are reported as liabilities in the government-wide financial statements. Estimates of claims and judgment liabilities (both incurred and reported and incurred but not reported) are made through a case-by-case review of all claims and the application of historical experience to the outstanding claims.

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position is when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). In the governmental fund financial statements, fund balances are classified as follows:

- (a) Non-Spendable Fund Balance - amounts that cannot be spent either because they are in a non-spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- (b) Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- (c) Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. Committed fund balance includes amounts set aside for budget stabilization in the City's annual adopted operating budget. The General Fund will have two fund balance goals: an unreserved fund balance account and an emergency reserve account. The target level for the unreserved fund balance is two percent of the expenditures in the adopted budget. The target level for the emergency reserve account is eight percent of the expenditures in the adopted budget. The emergency reserve will only be used for natural disasters, revenue shortfalls as recognized by the Revenue Estimating Conference, and other major emergencies that disrupt revenue sources or require substantial unanticipated expenses to address. Once the unreserved fund balance account is funded at its target level, any additional unanticipated General Fund revenue will be used to fund the emergency reserve account, at a rate of two percentage points per year until it reaches its target level. If drawn upon, the emergency reserve account will be replenished in subsequent years.
- (d) Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City and its management. All encumbered contracts or outstanding obligations made by the City at year-end that are not part of restricted or committed fund balance will be shown as assigned fund balance.
- (e) Unassigned Fund Balance - all amounts not included in other spendable classifications.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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(2) Deposits and Investments

Deposits. The City's deposits are subject to and maintained in accordance with the State of Louisiana's Constitutional Revised Statutes (Revised Statutes). Under the Revised Statutes, all deposits exceeding the amount insured by the FDIC are to be fully collateralized with specific approved securities designated therein valued at 102% of the deposits. The eligible collateral pledged are held in custody by any Federal Reserve Bank, or branch thereof or an independent third party with whom the City has a current custodial agreement. All collateral held must be clearly marked, indicating evidence of ownership (safekeeping receipt). Deposits collateralized under the Revised Statutes are considered collateralized with securities held by the pledging financial institutions trust department or agent in the "City's name."

At December 31, 2017, the carrying amount of the City's deposits was \$174,167,000, including \$114,090,000 reported in the governmental funds and \$60,077,000 reported in the fiduciary funds.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. At December 31, 2017, the City's bank balances totaled \$174,445,000. The City has not experienced any losses resulting from bank failure and does not believe it is exposed to any significant credit risk relating to its cash balances. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City's name at December 31, 2017.

Investments. The City's investment policy states its primary objectives, in priority order, of investment activities shall be:

Safety: Safety/security of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

Liquidity: The City investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with investment risks constraints and the cash flow characteristics of the portfolio. Return on investments shall be secondary to the safety and liquidity objectives described above. The core of investments is limited to qualified, relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

The City's investment policy applies to all investment activities of the City under the control of the Director of Finance, including management of certain investments related to governmental and agency funds. All deposits and investments shall be made with a qualified public depository or dealer. Broker/Dealers are selected by their credit worthiness and must be authorized to provide investment services in the state of Louisiana. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

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The City's policy also requires, to the extent possible, diversification of its investments by security type and institution. With the exception of U.S. Treasury securities, bank certificates of deposit (as limited by R.S.39:1242d), and authorized pools, no more than 25% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This diversification is required in order that potential losses on individual securities do not exceed the income of the remainder of the portfolio. Deviation from expectations will be reported in a timely manner and appropriate action taken to control adverse risks.

The City invests monies with the Louisiana Asset Management Pool (LAMP). LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares which approximates net asset value (NAV).

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The Local Government Investment Pool is a "2a7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value.

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Interest Rate Risk – Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the City by limiting the maximum maturity of investments in accordance with their investment policy. As stated in its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, cash will not be invested in securities maturing more than three years from the date of purchase. At December 31, 2017, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

| | Investment maturity in years | | |
|------------------------|------------------------------|--------------------|------------------|
| | Total | Less than one year | 1-5 |
| LAMP | \$ 27,135 | \$ 27,135 | \$ - |
| Money market | 133,995 | 133,995 | - |
| U.S. Agency Securities | 59,844 | 43,527 | 16,317 |
| U.S. Treasury Bills | 38,538 | 38,538 | - |
| Total investments | <u>\$ 259,512</u> | <u>\$ 243,195</u> | <u>\$ 16,317</u> |

At December 31, 2017, the Municipal Employees' Pension Trust Fund's investment balances and maturities for those investments subject to interest rate risk were as follows (amounts in thousands):

| | Investment maturity in years | | | | | |
|-----------------|------------------------------|--------------------|--------------------|-------|--------|--------------|
| | Total | Less than one year | Less than one year | 1 – 5 | 6 – 10 | More than 10 |
| Corporate Bonds | \$ 6 | \$ 1 | \$ - | \$ - | \$ - | \$ 5 |

At December 31, 2017, the Firefighters' Pension Trust Fund's investment balances do not consist of investments subject to interest rate risk.

Credit Quality Risk – Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City. The City does not have a policy statement concerning credit quality risk in its investment policy. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. government agencies not explicitly guaranteed by the U.S. government. LAMP has been rated AAA by Standard & Poor's Corporation.

The following table provides information on the credit ratings associated with the Municipal Employees' Pension Trust Fund's investments in debt securities at December 31, 2017 (amounts in thousands):

| Asset Category | Rating | Market Value |
|----------------------------|-----------|------------------|
| Corporate Bonds | Not rated | \$ 6 |
| Short Term Investment Fund | Not rated | 15,759 |
| | | <u>\$ 15,765</u> |

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The Firefighters' pension trust fund's investment policy allows for investment in publicly-traded debt securities rated at or above Baa by Moody's and BBB by Standard and Poor's at time of purchase. At December 31, 2017, \$253,477 of the New System's corporate bonds were short-term investment funds which are not rated. At December 31, 2017, no debt securities were held by the Old System.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The investments of the City, including the pension funds owned at December 31, 2017 were not subject to custodial credit risk.

The City has no formal investment policy regarding custodial credit risk.

Concentration of Credit Risk – The City's investment policy does not allow for more than 25% of the total investment portfolio to be invested in a single security type with the exception of U.S. Treasury securities, bank certificates of deposit, and authorized pools. As of December 31, 2017, the City was in compliance with this policy. All of the City's governmental fund investments are issued or explicitly guaranteed by the U.S. government or are held in LAMP and are not subject to concentration of credit risk.

The Municipal Employees' pension trust fund's investment policy mandates the maximum limits on position held with each assets class. As of December 31, 2017, the Municipal Employees' pension trust fund investments were in compliance with this policy.

The Firefighter's Pension and Relief Fund's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry at the time of purchase. In addition, no more than 5% of total fund assets at market may be invested in any one issuer's securities. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At December 31, 2017, the New System held investments in Austin Falconhead L.P. and Americus Real Estate Fund I, Ltd. which represented 14.5% and 15.0% of the New System's net position, respectively. The Firefighter's pension trust fund was in compliance with the concentration of risk investment policy during the year ended December 31, 2017.

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(3) Fair Value Measurements

To the extent available, the City's investments are recorded at fair value as of December 31, 2017. GASB Statement No. 72 – *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

Debt and equity securities classified in Level 1 of the fair value Hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data. The Firefighters' Pension Trust Fund's Level 3 investments consist primarily of real estate, either directly held or through a limited liability corporation or partnership investment. They are valued using independent appraisals or other market data.

A summary of the City's investments along with the Fair value hierarchy levels of each type of investment is as follows as of December 31, 2017:

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| | <u>Total</u> | <u>Fair Value Measurement Using</u> | | |
|---|-------------------|--|--|--|
| | | <u>Quoted Prices in Active Markets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments by Fair Value Level: | | | | |
| Fixed income securities: | | | | |
| Core fixed income | \$ 68,012 | \$ 46,766 | \$ 21,246 | \$ - |
| Corporate bonds - domestic | 260 | - | 260 | - |
| Foreign fixed income | 21,813 | 21,813 | - | - |
| U.S. agency securities | 59,844 | - | 59,844 | - |
| U.S. treasury bonds | 38,538 | - | 38,538 | - |
| Total fixed income securities | <u>188,467</u> | <u>68,579</u> | <u>119,888</u> | <u>-</u> |
| Equity Securities: | | | | |
| Domestic equities | 67,272 | 36,656 | 30,616 | - |
| Real estate equities | 20,380 | - | 20,380 | - |
| International equities | 140,174 | 395 | 119,720 | 20,059 |
| Total domestic equities | <u>227,826</u> | <u>37,051</u> | <u>170,716</u> | <u>20,059</u> |
| Total equity securities | <u>227,826</u> | <u>37,051</u> | <u>170,716</u> | <u>20,059</u> |
| Alternative Investments: | | | | |
| Investments in partnerships | 6,188 | - | - | 6,188 |
| Investments in real estate | 3,201 | - | - | 3,201 |
| Total alternative investments | <u>9,389</u> | <u>-</u> | <u>-</u> | <u>9,389</u> |
| Cash equivalents | <u>33,763</u> | <u>13,906</u> | <u>19,857</u> | |
| Total Investments at Fair Value Level | <u>\$ 459,445</u> | <u>\$ 119,536</u> | <u>\$ 310,461</u> | <u>\$ 29,448</u> |
| Investments measured at the net asset value (NAV): | | | | |
| Money market funds | \$ 159,495 | | | |
| LAMP | 27,135 | | | |
| Alternative investments: | | | | |
| Private equity funds | 27,204 | | | |
| Hedge funds | 10,244 | | | |
| Limited liability corporations | | | | |
| Other | 172 | | | |
| Partnerships | 9,444 | | | |
| Total alternative investments | <u>47,064</u> | | | |
| Total Investments at NAV | <u>\$ 233,694</u> | | | |
| Total Investments at Fair Value | <u>\$ 693,139</u> | | | |

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The unfunded commitments and redemption terms for investments measured at net asset value (NAV) per share (or its equivalent) as of December 31, 2017 are presented in the following table:

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (If Currently Eligible)</u> | <u>Redemption Notice Period</u> |
|--------------------------------------|-------------------|---------------------------------|---|---|
| Investments measured at NAV | | | | |
| Money market funds | \$ 159,495 | \$ - | Daily | Same day |
| LAMP | 27,135 | - | N/A | N/A |
| Alternative investments: | | | | |
| Private equity funds | 27,204 | - | N/A | N/A |
| Hedge funds | 10,244 | 9,957 | Quarterly | 30-90 days |
| Limited liability corporations | | | | |
| Other | <u>172</u> | <u>171</u> | N/A | N/A |
| Total limited liability corporations | 172 | 171 | | |
| Partnerships | <u>9,444</u> | <u>42</u> | N/A | N/A |
| Total alternative investment | <u>47,064</u> | <u>10,170</u> | | |
| Total investment measured at NAV | <u>\$ 233,694</u> | <u>\$ 10,170</u> | | |

Money market funds

Cash equivalent investments consist of money market funds. These funds are used as a source of liquidity to meet capital commitments, settle trades, or pay normal investment related expenses. The fair value of these fund has been determined using NAV per share (or equivalent) of the investments. Units are valued at \$1 per share and redemption of units can be made on a same day basis.

Private equity funds

Municipal Employees' Pension Trust Fund (NOMERS Fund)

Private equity is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. This asset class includes investments in various private equity funds. The fair values of the investments in this asset class have been determined using NAV per share or equivalent of the private equity capital. A summary of significant positions in this category include:

- a) Mesirow Financial Private Equity Partnership Fund V, L.P. - The fund invests in limited liability companies and other partnerships. The investments are typically illiquid and cannot be redeemed. Although a secondary market exists for these underlying investments, it is not active and individual transactions are typically not observable.

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- b) Cyprium Investors, IV L.P. - The purpose of this fund is to invest in securities, principally of privately held companies and to manage and supervise such investments.
- c) Partners Group Private Equity, LLC - The objective of this fund is to seek attractive long-term capital appreciation by investing in a diversified portfolio of private equity investments. To achieve its objective, the Fund invests substantially all of its assets in limited liability companies.

Hedge funds

Firefighters' Pension Trust Fund (NOPP Fund)

Hedge fund investments consist of one fund. The NOPP Fund has invested in the Whalehaven Fund, Ltd. (the company). The company was formed as a feeder fund of the Whalehaven Capital Fund Limited (the master) and invests substantially all of its net assets in the master. The primary objective of the company is to seek a high level of short to medium term capital appreciation primarily through investing in debt and equity securities and other types of private equity transactions. The fair value of the investments in these funds has been determined using NAV per share (or equivalent) of the investments. Unit valuation is quarterly and redemption of units requires advance notice of 90 days.

Municipal Employees' Pension Trust Fund

The hedge fund category of investments includes securities in a variety of strategies including real estate, fund of funds, derivatives and others. Securities in this category are not traded on stock exchanges and do not have quoted market prices. Fair value is determined and reported by the respective investment manager to the Plan's trustee on a recurring basis. The Plan's investment advisor reviews the reported values on a recurring basis and provides analysis to the Plan's board. A summary of significant positions in this category include:

- a) York Credit Opportunity Fund (York) - This fund's investment objective is to achieve superior risk-adjusted returns over time primarily through investment opportunities that are generated by the various phases of the credit cycles. York attempts to realize this by investing principally in securities of companies undergoing reorganization pursuant to Chapter 11 of the United States Bankruptcy Code and other companies under other stages of balance sheet restructuring.
- b) Millennium International, LTD (Millennium)-This fund is engaged in in the business of trading equities, fixed income products, options, futures and other financial instruments.
- c) Sunnymeth-Ocean Partners (Ocean) - This fund seeks capital appreciation principally through the purchase and sale of equity securities as well as puts and calls.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Investments in limited liability corporations

Firefighters' Pension Trust Fund

Investments in limited liability corporations consist of two funds:

- a) The NOPP Fund has invested in the Wilton Private Equity Fund, LLC (the corporation). The corporation is a Delaware limited liability corporation that invests in closed-end private investment funds that target investments in leveraged buyouts, mezzanine financings, distressed debt, natural resources and venture capital.
- b) The NOPP Fund has invested in Endgame Entertainment Fund, LLC (the corporation), a Delaware limited liability corporation that was created to enable its investors to participate in entertainment investment opportunities across a variety of sectors at various stages of funding.

The fair value of the investments in these funds has been determined using NAV per share (or equivalent) of the investments. Investments in four of the limited liability corporations are not eligible for redemptions; however, distributions from each fund will be received as the underlying investments of the limited liability corporations are liquidated. It is expected that the underlying assets of the funds will be liquidated between one to two years from the year ended December 31, 2017. One of the limited liability corporation investments is an entertainment corporation. Unit valuation for this investment is monthly and redemption of units requires advance notice of 10 days. Investment in one of the limited liability corporations invests in real estate. Unit valuation for this investment is quarterly and redemption of units requires advance notice of 90 days.

Investments in partnerships

Firefighters' Pension Trust Fund

Investments in partnerships consist of eight funds:

- a) The Firefighter's pension trust fund has invested in the Americus Real Estate Fund I, Ltd. The partnership earns revenues predominately from leasing commercial real estate in Austin, Texas.
- b) The Firefighter's pension trust fund has invested in Lakewood Restoration Partners L.T.D. The partnership was formed for the purpose of acquiring, operating and developing the former Lakewood Country Club and certain surrounding real estate for residential and commercial purposes.
- c) The Firefighter's pension trust fund has invested in Greenspring Associates Global Partners II, L.P. (the partnership), which is 90% owned by the Fund.
- d) The Firefighter's pension trust fund has invested in Louisiana Fund I, L.P. The partnership was formed to invest in early stage companies that are located primarily in Louisiana.
- e) The Firefighter's pension trust fund has invested in Murphree Venture Partners VI. The partnership was formed to invest in the debt and equity securities in various private and public companies.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

- f) The Firefighter's pension trust fund has invested in Greenspring Associates Crossover Ventures I, L.P. (the partnership). The partnership was formed to capture returns associated with investing in small companies, venture backed private companies and mature investment funds.
- g) The Firefighter's pension trust fund has invested in Austin Falconhead L.P. The partnership owns and operates Falconhead Golf Club in Texas.

The fair value of the investments a) through f) above in these funds has been determined using NAV per share (or equivalent) of the investments. These investments are not eligible for redemptions; however, distributions from each partnership will be received as the underlying investments of the partnerships are liquidated. The fair value of investment g) has determined using an appraisal.

(4) Tax Revenues

At December 31, 2017, the total sales tax levied in the City is 10%, of which 5% is state sales tax, 1.5% is levied by the Orleans Parish School Board (the School Board), and 1% is dedicated for transportation and is levied by the Regional Transit Authority (RTA). The remaining 2.5% is used to fund the general operations of the City. The City administers and collects the entire 5% of local sales tax. The School Board's portion of the sales tax is accounted for in the Orleans Parish School Board sales tax clearing fund, and the RTA's portion of the sales tax is accounted for in the RTA sales tax clearing fund, both of which are agency funds.

The City levies a tax on real and personal property. Portions of these property taxes are dedicated for fire and police protection services and the public library system. Taxes on real and personal property are levied on January 1 of the assessment year based upon the assessed value as of the prior August 15. However, before the tax can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable on January 1, the date on which an enforceable lien attaches on the property, and are delinquent on February 1.

The assessed value of property in the City for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The City is permitted by the Louisiana statutes to levy taxes up to \$42.51 per \$1,000 of assessed valuation for the general fund (including library). The Board of Liquidation is permitted to levy taxes in unlimited amounts for the payment of principal and interest on general obligation bonds of the City.

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the City (primary government only) for the year ended December 31, 2017 are as follows:

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| | |
|---|----------|
| General: | |
| General governmental services | \$ 13.91 |
| Dedicated for fire and police | 6.40 |
| Public library | 5.64 |
| Fire and police, without applying homestead exemption | 10.47 |
| Parkways and parks and recreation department | 3.00 |
| Street and traffic control device maintenance | 1.90 |
| Act 44 | 1.19 |
| Special revenue: | |
| Neighborhood housing improvement fund | 0.91 |
| New Orleans economic development fund | 0.91 |
| Capital improvement and infrastructure | 1.82 |
| Debt service | 25.50 |
| | \$ 71.65 |
| | 71.65 |

Property taxes levied on January 1, 2017, collected during 2017, or expected to be collected within the first 60 days of 2018, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

(5) Grantee Loans

The City has received certain grant awards or loans from the HUD for the purposes of providing loans to the private sector for completion of projects that will stimulate economic development activity in the City. Fifteen individual loans are outstanding at December 31, 2017 totaling \$7,447,000, which bear interest at rates ranging from 0.1% to 7.0%. These loans are receivable over a 10- to 30-year period. Once loan repayments are received and the project is accepted by HUD, the City may use the amounts received for other allowable economic development activities specified in the grant agreement. The City has recorded \$7,148,000 in allowance for bad debt on these loans.

The City received a Section 108 loan from HUD to allow/provide loans to the private sector for economic development. At December 31, 2017, there were two outstanding loans which bear interest at rates of 2% to 7.87% and are receivable over 15 to 30 years.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(6) Capital Assets

A summary of changes in capital assets of governmental activities (amounts in thousands) is as follows:

| | Restated Balance January 1, 2017 | Additions | Deletions | Transfers | Balance December 31, 2017 |
|---------------------------------------|---|------------------|----------------|--------------------|---------------------------------|
| Nondepreciable capital assets: | | | | | |
| Land | \$ 94,474 | \$ - | \$ - | \$ - | \$ 94,474 |
| Construction in progress | 267,733 | 105,591 | - | (56,025) | 317,299 |
| Total nondepreciable capital assets | <u>362,207</u> | <u>105,591</u> | <u>-</u> | <u>(56,025)</u> | <u>411,773</u> |
| Depreciable capital assets: | | | | | |
| Infrastructure | 2,766,960 | 38,599 | - | - | 2,805,559 |
| Buildings and improvements | 542,875 | 16,649 | - | - | 559,524 |
| Equipment and vehicles | 110,449 | 5,803 | (840) | - | 115,412 |
| Other | 40,492 | - | - | - | 40,492 |
| Total depreciable capital assets | <u>3,460,776</u> | <u>61,051</u> | <u>(840)</u> | <u>-</u> | <u>3,520,987</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 1,946,966 | 61,168 | - | - | 2,008,134 |
| Buildings and improvements | 170,107 | 26,273 | - | - | 196,380 |
| Equipment and vehicles | 91,406 | 4,377 | (796) | - | 94,987 |
| Other | 33,950 | 1,009 | - | - | 34,959 |
| Total accumulated depreciation | <u>2,242,429</u> | <u>92,827</u> | <u>(796)</u> | <u>-</u> | <u>2,334,460</u> |
| Total depreciable capital assets, net | <u>1,218,347</u> | <u>(31,776)</u> | <u>(44)</u> | <u>-</u> | <u>1,186,527</u> |
| Total | <u>\$ 1,580,554</u> | <u>\$ 73,815</u> | <u>\$ (44)</u> | <u>\$ (56,025)</u> | <u>\$ 1,598,300</u> |

Depreciation expense was charged to functions/programs of the primary government as follows (amounts in thousands):

| | |
|----------------------------|------------------|
| General government | \$ 28,599 |
| Public safety | 2,189 |
| Public works | 61,030 |
| Culture and recreation | 1,009 |
| Total depreciation expense | <u>\$ 92,827</u> |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(7) Long-Term Debt

Debt Service Fund

The City's debt service fund includes the Board, City Debt (the Board of Liquidation), an autonomous, self-perpetuating board created under the State of Louisiana Constitution of 1974. All property taxes levied by the City and dedicated to the payment of outstanding general obligation bonds are collected by the City and, as required by law, paid over to the Board of Liquidation as collected.

The Board of Liquidation annually determines the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City and all such bonds proposed to be issued by the City during such year. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board of Liquidation, which is submitted to the City Council. The millage recommended by the Board of Liquidation is then levied by the City Council. The millages for the various limited bonds of the City were established at the time the bonds were issued based upon approval of the voters and are subject to change based on property values. Administrative expenditures paid in connection with the operations of the Board of Liquidation are recorded in the City's Debt Service fund.

Bond Transactions

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Bonds payable, excluding unamortized premium of \$26,094,000 and unamortized discount of \$194,000, at December 31, 2017 comprise the following (all bonds are serial bonds) (amounts in thousands):

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| Description | Original issue | Range of average interest rates | Amount outstanding | Due in one year |
|--|-------------------|---------------------------------------|-----------------------|--------------------|
| General obligation bonds: | | | | |
| 2007-2016 Public Improvement Bonds, due in annual installments ranging from \$2,675 to \$10,475 through December 2046 | \$ 330,000 | 2.7 – 8.4% | \$ 239,675 | \$ 5,205 |
| 1991 General Obligation Refunding Bonds, due in annual installments ranging from \$3,839 to \$9,964 commencing September 2004 through September 2018 | 98,886 | 6.7 - 7.1% | 3,839 | 3,839 |
| 1998 General Obligation Refunding Bonds, due in annual installments ranging from \$210 to \$13,080 through December 2021 | 106,520 | 3.7 - 5.5% | 40,835 | 3,675 |
| 2012 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$20,700 through December 2033 | 167,840 | 2.0 – 5.0% | 149,815 | 4,315 |
| 2015 General Obligation Refunding Bonds, due in annual installments ranging from \$750 to \$7,855 through December 2034 | 75,440 | 3.0 – 5.0% | 62,490 | 6,910 |
| 2016 General Obligation Refunding Bonds, due in annual installments ranging from \$915 to \$3,735 through December 2036 | 55,125 | 2.0-3.5% | 54,210 | 915 |
| Limited Tax Bonds: | | | | |
| 2012 Taxable Limited Tax Bonds, due in annual installments of \$9,775 to \$16,275 commencing September 2015 through September 2030 | 195,885 | 1.4-5.0% | 166,110 | 10,305 |
| 2016 Taxable Limited Tax Bonds, due in annual installments of \$820 to \$1,135 commencing September 2017 through September 2026 | 10,000 | 2.6% | 9,180 | 935 |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| <u>Description</u> | <u>Original issue</u> | <u>Range of average interest rates</u> | <u>Amount outstanding</u> | <u>Due in one year</u> |
|--|---------------------------|--|-------------------------------|----------------------------|
| 2015A Limited Tax Refunding Bonds, due in annual installments of \$205 to 2,680 through September 2021 | 15,528 | 1.80% | 10,409 | 2,526 |
| 2015B Taxable Limited Tax Bonds, due in annual installments of \$1,022 to \$1,136 through September 2021 | 6,489 | 2.30% | 4,416 | 1,072 |
| 2017 Taxable Limited Tax Bonds, due in annual installments of \$620 to \$1,300 commencing September 2018 through September 2027 | 10,000 | 3.26% | 10,000 | 620 |
| Revenue Bonds: | | | | |
| 2004 Variable Rate Revenue Bonds, due in annual installments from \$355 to \$865 through august 2024 | 11,500 | Variable | 5,280 | 655 |
| Total Bonds | | | <u>756,259</u> | <u>40,972</u> |
| Accreted bond discount at December 31, 2017 | | | 20,445 | - |
| Premium and discount on bond issuance, net | | | 25,900 | 3,717 |
| | | | <u>\$ 802,604</u> | <u>\$ 44,689</u> |

In November 2004, the City received approval from taxpayers to issue \$260,000,000 in General Obligation Bonds. The City issued \$75,000,000 in December 2007, \$40,000,000 in January 2010, \$40,000,000 in March 2013, \$40,000,000 in January 2014, and \$65,000,000 in April 2015 of these authorized General Obligation Bonds. There are no remaining unissued authorized General Obligation Bonds at December 31, 2017.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

The payment requirements for all bonds outstanding, including accretion on the 1991 General Obligation Refunding Bonds of \$20,445,000 (included in interest payments) as of December 31, 2017, are as follows (amounts in thousands):

| | <u>Principal</u> | <u>Interest</u> |
|--------------------------|------------------|------------------|
| Year ending December 31: | | |
| 2018 | \$43,027 | \$55,993 |
| 2019 | 63,104 | 33,080 |
| 2020 | 64,427 | 30,467 |
| 2021 | 67,236 | 27,722 |
| 2022 | 34,650 | 24,836 |
| 2023-2027 | 186,850 | 101,492 |
| 2028-2032 | 140,720 | 60,354 |
| 2033-2037 | 72,700 | 31,504 |
| 2038-2042 | 58,325 | 14,556 |
| 2043-2046 | 25,220 | 2,407 |
| | <u>\$756,259</u> | <u>\$382,411</u> |

The City's legal debt limit for General Obligation Bonds is \$1,445,296,000. At December 31, 2017, the City's legal debt margin adjusted for outstanding principal of \$550,864,000 and past and future accretion of \$21,606,000 on the City's outstanding General Obligation Bonds, plus fund balance available in the Debt Service Fund of \$67,416,000 to service this debt was \$940,242,000.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2017, management believes it is in compliance with all financial related covenants.

Taxable Bonds, Series 2017

In 2017, the City issued \$10,000,000 of Taxable bonds, Series 2017 for the purpose of funding capital improvements. Interest on the bonds is due semiannually at a rate of 3.26% commencing September 2018. Principal payments are due annually, commencing September 1, 2018 and maturing on September 1, 2027.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Debt Service Assistance Program

The City entered into a cooperative endeavor agreement with the State of Louisiana to provide for the issuance of general obligation bonds of the State of Louisiana (GO Zone Series) to fund the debt service assistance loan program, which will make scheduled debt service payments on behalf of the City for certain issues of outstanding debt. At issuance, the loans were payable beginning in 5 years in equal installments over 15 years commencing in 2012. Interest was deferred during the initial 5-year period and then accrues at a rate of 4.64% during the repayment period. The loan balance at December 31, 2017 is \$35,494,000.

The requirements to amortize the debt service assistance loan are as follows (amounts in thousands):

| | Principal | Interest |
|--------------------------|------------------|-----------------|
| Year ending December 31: | | |
| 2018 | \$ 3,267 | \$ 1,647 |
| 2019 | 3,419 | 1,495 |
| 2020 | 3,577 | 1,337 |
| 2021 | 3,743 | 1,171 |
| 2022 | 3,917 | 997 |
| 2023-2026 | 17,571 | 2,084 |
| | \$ 35,494 | \$ 8,731 |

Vehicle Notes Payable

In 2014, the City entered into a loan agreement. The loan proceeds of \$12,500,000 were restricted for equipment purchases. At issuance, the loan was payable over 4 years beginning in 2015 and accrues interest at a rate of 2.24%. In 2017, the City entered into two loan agreements. The loan proceeds of \$5,000,000 and \$4,200,000 were restricted for vehicle purchases. The loans are payable over 10 years and 4 years, respectively, beginning in 2018 and accrue interest at a fixed rate of 2.66% and 1.93%, respectively. The requirements to amortize the loans are as follows (amounts in thousands):

| | Principal | Interest |
|--------------------------|------------------|-----------------|
| Year ending December 31: | | |
| 2018 | \$ 4,628 | \$ 285 |
| 2019 | 1,495 | 182 |
| 2020 | 1,527 | 150 |
| 2021 | 1,559 | 118 |
| 2022 | 492 | 84 |
| 2023-2027 | 2,664 | 215 |
| | \$ 12,365 | \$ 1,034 |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

HUD Section 108 Loans

The City has entered into contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, with the Secretary of HUD as guarantor. Portions of these funds were used to fund grantee loans referred to in Note 4. The loans consist of notes bearing interest at either fixed interest rates ranging from 5% to 8% or variable interest rates based upon the London Interbank Offered Rate (LIBOR). As of December 31, 2017, \$870,000 is recorded as a liability in the government-wide financial statements.

The requirements to amortize the Section 108 loans are as follows (amounts in thousands):

| Year ending December 31: | Principal | Interest |
|--------------------------|------------------|-----------------|
| 2018 | \$ 430 | \$ 28 |
| 2019 | 440 | 15 |
| | \$ 870 | \$ 43 |

Capital Leases

On October 15, 2000, the City entered into an agreement with a vendor to purchase heating, ventilation, and air cooling (HVAC) equipment under a 20-year capital lease. The City entered into two similar subsequent agreements with this vendor on June 1, 2001 and July 21, 2003 primarily for the purpose of purchasing additional HVAC equipment and traffic lights, respectively. The original net present value of these capital leases were \$9,625,000, \$17,919,000, and \$6,887,000 with corresponding interest rates of 7.8%, 7.1%, and 9.3%, respectively. Under terms of the agreement, title to this equipment is transferred to the City at the end of the lease. Future payments for the capital leases are as follows (amounts in thousands):

| Year ending December 31: | Principal | Interest |
|--------------------------|------------------|-----------------|
| 2018 | \$ 1,590 | \$ 42 |
| | \$ 1,590 | \$ 42 |

Compensated Absences

The City has recorded \$46,519,000 in accrued annual and sick leave in accordance with its pay-out policies. During the year active employees earned and used \$23,726,000 and \$18,470,000, respectively in sick and vacation leave benefits. The entire annual and sick liability is recorded in the government wide statements, and no liability is recorded in the governmental funds.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows (amounts in thousands):

| | <u>January 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2017</u> | <u>Due in one year</u> |
|----------------------------------|----------------------------|-------------------|--------------------|------------------------------|----------------------------|
| Claims and judgments (note 12) | \$ 320,806 | \$ 190,109 | \$(103,053) | \$ 407,862 | \$ 37,795 |
| Landfill closing costs (note 12) | 4,400 | - | (238) | 4,162 | 114 |
| Accrued annual and sick leave | 44,002 | 23,726 | (21,209) | 46,519 | 5,000 |
| Revenue bonds | 5,905 | - | (625) | 5,280 | 655 |
| General obligation bonds (a) | 616,526 | - | (45,217) | 571,309 | 26,914 |
| Limited tax bonds | 204,553 | 10,000 | (14,438) | 200,115 | 15,458 |
| Premium on bonds payable | 30,000 | - | (3,905) | 26,095 | 3,742 |
| Discount on bonds payable | (218) | - | 25 | (193) | (24) |
| Debt service assistance program | 64,855 | - | (29,361) | 35,494 | 3,267 |
| Notes payable | 6,260 | 9,200 | (3,095) | 12,365 | 4,628 |
| HUD Section 108 loan | 3,615 | - | (2,745) | 870 | 430 |
| Capital leases | 4,651 | - | (3,060) | 1,591 | 1,591 |
| Net pension liability (note 7) | 920,671 | 93,576 | (95,638) | 918,609 | - |
| Post-employment benefit (note 7) | 89,812 | 5,205 | (5,246) | 89,771 | - |
| | <u>\$ 2,315,838</u> | <u>\$ 331,816</u> | <u>\$(327,805)</u> | <u>\$ 2,319,849</u> | <u>\$ 99,570</u> |

(a) Additions and deletions include amounts related to accretion of 1991 Refunding Series of \$2,808 and \$(21,326), respectively.

The long-term liabilities will be repaid from the General Fund, except for HUD Section 108 loans, which will be repaid from the American Can non-major fund, and the General Obligation, Limited Tax Bonds, Taxable Limited Tax Refunding Bonds and a portion of the Debt Service Assistance Loan Program, which will be repaid from the Debt Service Fund. The Board of Liquidation handles all the General Obligation bonded debt of the City and the Limited Tax Bonds and results of its operations are reported in the debt service fund. At December 31, 2017, the debt service fund had \$71,036,000 in fund balance reserved for debt service.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(8) Pension Plans and Postretirement Healthcare Benefits

Pension Plans

At December 31, 2017, the City sponsors and administers four separate single-employer, contributory defined benefit pension plans, namely: (1) Firefighters' Pension and Relief Fund – Old System (Old System); (2) Firefighters' Pension and Relief Fund – New System (New System); (3) Police Pension Plan (Police Plan); and (4) Employees' Retirement System of the City of New Orleans (Employees' Plan). The Old System covers firefighters who were employed prior to December 31, 1967; the New System covers firefighters hired since that date. Effective March 6, 1983, all members of the Police Plan, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of the Municipal Police Employees' Retirement System (State of Louisiana) (MPERS). The Police Plan of the City will remain responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to the MPERS plan. MPERS is the only cost-sharing, multiple-employer retirement plan in which employees of the City participate. The Employees' Plan covers all City employees other than firefighters and police.

All four plans use the accrual basis of accounting for changes in net position. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Police Plan, which recognizes employer contributions when due from the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

Employees' Retirement System of the City of New Orleans
1300 Perdido Street, Suite 1E12, New Orleans, Louisiana 70112
(504) 658-1850

Police Pension Fund of the City of New Orleans
715 S. Broad, Room B23, New Orleans, Louisiana 70119
(504) 826-2900

Firefighters' Pension and Relief Fund of the
City of New Orleans (Old and New Systems)
3520 General DeGaulle Drive, New Orleans, Louisiana 70114
(504) 366-8102

Municipal Police Employees' Retirement System
7722 Office Park Boulevard, Baton Rouge, Louisiana 70809
(800) 443-4248
lampers.org

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Plan Descriptions:

Employees' Plan, Firefighters' Pension and Relief Fund – Old and New System

Each plan is a defined benefit pension plan established by the State of Louisiana statute, which provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana.

At December 31, 2016, the New System and Old System's membership consisted of:

| | <u>New System</u> | <u>Old System</u> |
|---|-------------------|-------------------|
| Inactive members or beneficiaries receiving benefits | 734 | 228 |
| Inactive members entitled to but not yet receiving benefits | 78 | - |
| Active members | 505 | - |
| Total participants as of December 31, 2016 | <u>1,317</u> | <u>228</u> |

Municipal Police Employees' Retirement System (MPERS)

On March 6, 1983, an agreement was signed among the City, the Police Pension Funds of the City of New Orleans, and the MPERS, which provided for the merger of the Police Pension Plans with the MPERS. As of that date, all members of the Police Pension Plans, active and retired, became members of the MPERS. Those members covered by the system who did not meet the age and service requirements of the MPERS will be paid by the Police Pension Fund of the City until they reach age 50 or 55, depending on the length of active service.

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Employees become eligible for retirement under the MPERS plan at age 50 and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The Plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State of Louisiana.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Funding Policy:

The employer contributions for the Employees' Plan and the Firefighters' Pension and Relief Fund (New System) are based on actuarially determined amounts. The employer contribution for the Police Pension Fund is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the Fund. The employer contribution for the Firefighters' Pension and Relief Fund (Old System) is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Police Pension Fund to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit.

Employees covered under the Employees' Plan contribute 6% of their earnable compensation to the plan.

Effective January 1, 2014, employees covered under the Firefighters' Pension and Relief Fund of the City of New Orleans (New System) contribute 10% of their salary. There are no active employees in the Old System, thus no employee contributions are required.

| | <u>City</u> | <u>Employee</u> |
|---|---|-----------------------------|
| Firefighters Pension and Relief Fund | | |
| Old System | Actuarially determined contributions plus budget allocations determined by the City | N/A |
| New System | Actuarially determined contributions plus budget allocations determined by the City | 10.00% |
| Employees' Plan | Actuarially determined contributions plus budget allocations determined by the City | 6% of earnable compensation |
| Municipal Police Employees' Retirement System | 31.75 - 34.25% | 7.50 - 10.00% |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

The contributions made by the City to the plans during 2017 were as follows:

| | | 2017 |
|---|----|------------|
| Firefighters Pension and Relief Fund | | |
| Old System | \$ | 11,688,000 |
| New System | | 35,346,000 |
| Employees' Plan | | 22,773,000 |
| Municipal Police Employees' Retirement System | | 28,689,000 |

The Firefighters' pension fund receives fire insurance taxes of 2% of the fire insurance premiums written in the City of New Orleans. In 2017, the amount of \$1,674,755 received as a result of this tax was divided between the New System and Old System.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans at measurement dates. The City uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2017 in accordance with GASB Statement 68. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

| | Employees' Plan | MPERS |
|---|-----------------|----------------|
| Proportion (amount) of net pension liability | \$ 193,049,000 | \$ 212,525,000 |
| Proportion (%) of net pension liability | 82.1959% | 24.3430% |
| Increase/(decrease) from prior measurement date | (1.0847%) | 1.6452% |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| | Firefighters' Pension New System | Firefighters' Pension Old System |
|--|-------------------------------------|-------------------------------------|
| | 2017 | 2017 |
| Total pension liability | | |
| Service cost | \$ 6,328,000 | \$ - |
| Interest on total pension liability | 28,033,000 | 5,723,000 |
| Effect of plan changes | (18,913,000) | - |
| Effect of economic/demographic gains or (losses) | 44,771,000 | (4,199,000) |
| Effect of assumption changes or inputs | 251,000 | (2,589,000) |
| Benefit payments | (39,880,000) | (17,978,000) |
| Net change in total pension liability | 20,590,000 | (19,043,000) |
| Total pension liability, beginning | 393,707,000 | 169,293,000 |
| Total pension liability, ending | <u>\$ 414,297,000</u> | <u>\$ 150,250,000</u> |
| Plan Fiduciary Net Position | | |
| Employer contributions | \$ 32,279,000 | \$ 12,121,000 |
| Employee contributions | 2,730,000 | - |
| Investment income net of investment expenses | (1,518,000) | (207,000) |
| Benefit payments | (39,880,000) | (17,978,000) |
| Administrative expenses | (880,000) | (424,000) |
| Net change in plan fiduciary net position | (7,269,000) | (6,488,000) |
| Plan fiduciary net position, beginning | 50,267,000 | 15,003,000 |
| Plan fiduciary net position, ending | <u>\$ 42,998,000</u> | <u>\$ 8,515,000</u> |
| City's net pension liability, ending | <u>\$ 371,299,000</u> | <u>\$ 141,735,000</u> |

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. For Firefighters' Pension and Relief Trust Old System and Firefighters' Pension and Relief Trust New System, the actuarial assumptions used in the December 31, 2016 valuations were based on results of an experience study for the period from January 1, 2016 to December 31, 2016. For Employees Retirement System, the actuarial assumptions used in the December 31, 2017 valuations were based on results of an experience study for the period from January 1, 2017 to December 31, 2017. The required Schedule of Net Position located in the required supplementary information following the Notes to the Basis Financial Statements presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of December 31, 2017 or December 31, 2016 is based on actuarial valuations for the same period, updated using general accepted actuarial procedures.

For the year ended December 31, 2017, the City will recognize a Pension Expense (Revenue) of (\$1,216,000), \$16,787,000, \$28,533,000, and \$23,818,000 for the Old System, New System, Employees' Plan, and MPERS, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

Deferred outflows of resources

| | |
|--|-----------------------|
| Difference between expected an actual experience | \$ 87,304,000 |
| Changes in assumptions | 69,869,000 |
| Net difference between projected an actual earning on pension plan investments | 22,377,000 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 15,423,000 |
| Employer contributions subsequent to measurement date | 60,610,000 |
| Total deferred outflows | <u>\$ 255,583,000</u> |

Deferred inflows of resources

| | |
|--|----------------------|
| Difference between expected and actual experience | \$ 27,010,000 |
| Changes in assumptions | 53,741,000 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 2,197,000 |
| Total deferred inflows. | <u>\$ 82,948,000</u> |

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Notes to Basic Financial Statements

December 31, 2017

Details of the deferred outflows of resources and deferred inflows of resources related to pension plans at December 31, 2017 are as follows:

| | <u>Old System</u> | <u>New System</u> | <u>Employees' Plan</u> | <u>MPERS</u> |
|--|----------------------|-----------------------|------------------------|----------------------|
| <u>Deferred outflows of resources:</u> | | | | |
| Difference between expected and actual experience | \$ - | \$ 38,591,000 | \$ 47,322,000 | \$ 1,391,000 |
| Changes of assumptions | - | 54,746,000 | - | 15,123,000 |
| Net difference between projected and actual earnings on pension plan investments | 1,254,000 | 15,139,000 | (3,319,000) | 9,303,000 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | - | - | 118,000 | 15,305,000 |
| Employer contributions subsequent to the measurement date | <u>11,689,000</u> | <u>35,346,000</u> | <u>-</u> | <u>13,575,000</u> |
| Total deferred outflows | <u>\$ 12,943,000</u> | <u>\$ 143,822,000</u> | <u>\$ 44,121,000</u> | <u>\$ 54,697,000</u> |
| <u>Deferred inflows of resources:</u> | | | | |
| Difference between expected and actual experience | \$ - | \$ 21,537,000 | \$ 3,840,000 | \$ 1,633,000 |
| Changes of assumptions | - | 53,741,000 | - | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | <u>-</u> | <u>-</u> | <u>2,197,000</u> | <u>-</u> |
| Total deferred inflows | <u>\$ -</u> | <u>\$ 75,278,000</u> | <u>\$ 6,037,000</u> | <u>\$ 1,633,000</u> |

The \$60,610,000 of deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended December 31, 2018.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Old System | New System | Employee's Plan | MPERS |
|------|---------------------|----------------------|----------------------|----------------------|
| 2018 | \$ 315,000 | \$ 6,744,000 | \$ 10,634,000 | \$ 14,852,000 |
| 2019 | 315,000 | 6,744,000 | 8,637,000 | 17,557,000 |
| 2020 | 405,000 | 4,533,000 | 1,866,000 | 12,067,000 |
| 2021 | 219,000 | 2,313,000 | 2,475,000 | (4,987,000) |
| 2022 | - | 6,432,000 | 7,687,000 | - |
| 2023 | - | 6,432,000 | 5,553,000 | - |
| 2024 | - | - | 1,232,000 | - |
| | <u>\$ 1,254,000</u> | <u>\$ 33,198,000</u> | <u>\$ 38,084,000</u> | <u>\$ 39,489,000</u> |

Actuarial Assumptions:

The total pension liability was determined by as of December 31, 2017, using the following actuarial assumptions:

| | Old System | New System |
|--|---|---|
| Valuation date | December 31, 2016 | December 31, 2016 |
| Actuary cost method | Entry age normal | Entry age normal |
| Actuarial assumption: | | |
| Expected remaining service live | 6 years | 6 years |
| Investment rate of return | 3.83%, net of investment expense | 7.50%, net of investment expense |
| Inflation rate | 2.5% | 2.5% |
| Mortality | 1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants. | 1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5 years for disabled annuitants. |
| Salary increases | N/A | 5.00% |
| Cost of living adjustments | The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. | The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

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The long-term expected rate of return on Pension Trust Fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. The resulting long-term expected rate of return is 8.07% for the Employees' Retirement System, 8.30% for the Firefighters' New System, 2.50% for the Firefighters' Old System, and 8.19% for the Municipal Police Employees' Retirement System for the year ended December 31, 2017.

| | <u>Employees' System</u> | <u>MPERS</u> |
|--|---|--|
| Valuation date | December 31, 2017 | June 30, 2017 |
| Actuary cost method | Entry age normal | Entry age normal cost |
| Actuarial assumption: | | |
| Expected remaining service life | 8 years | 4 years |
| Investment rate of return | 7.50%, net of investment expense | 7.325%, net of investment expense |
| Inflation rate | 2.5% | 2.875% |
| Mortality | RP 2000 Group Annuity Mortality Table | RP 2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP2000 Disabled Lives Table RP2000 Employee Table |
| Salary increases | 5.00% | 4.25% - 9.75% |
| Cost of living adjustments | The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

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The estimated long-term real rates of return for each major asset class based on the trust funds' target asset allocation as of December 31, 2017 are as follows:

| Asset Class | Employees' Retirement System | |
|----------------------------------|------------------------------|--|
| | Target Asset Allocation | Long-term expected portfolio real rate of return |
| Cash equivalents | 2.00% | N/A |
| Equity securities | 58.0% | 4.49% |
| Fixed income | 25.0% | 0.73% |
| Real estate | 5.0% | 0.23% |
| Other alternative investments | 10.0% | 0.62% |
| Totals | 100% | 6.07% |
| Inflation | | 2.50% |
| Expected arithmetic nominal rate | | 8.57% |

| Asset Class | Firefighters' New System | |
|----------------------------------|--------------------------|--|
| | Target Asset Allocation | Long-term expected portfolio real rate of return |
| Equity securities | 45.00% | 3.47% |
| Bonds | 10.00% | 0.30% |
| Alternative investments | 45.00% | 2.03% |
| Totals | 100% | 5.80% |
| Inflation | | 2.50% |
| Expected arithmetic nominal rate | | 8.30% |

| Asset Class | Firefighters' Old System | |
|----------------------------------|--------------------------|--|
| | Target Asset Allocation | Long-term expected portfolio real rate of return |
| Cash and cash equivalents | 100% | 0.00% |
| Totals | 100% | 0.00% |
| Inflation | | 2.50% |
| Expected arithmetic nominal rate | | 2.50% |

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Notes to Basic Financial Statements

December 31, 2017

| | MPERS | |
|----------------------------------|----------------------------|--|
| Asset Class | Target Asset Allocation | Long-term expected portfolio real rate of return |
| Equity | 53.00% | 3.66% |
| Fixed income | 21.00% | 0.52% |
| Alternative | 20.00% | 1.10% |
| Other | 6.00% | 0.16% |
| Totals | 100% | 5.44% |
| Inflation | | 2.75% |
| Expected arithmetic nominal rate | | 8.19% |

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for the Employees' Retirement System, 7.5% for the Firefighters' New System, 3.83% for the Firefighters' Old System, and 7.325% for the Municipal Police Employees' Retirement System for 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that the plan's contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the Employees' Retirement System pension trust funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The Firefighters' New System's fiduciary net position was not projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the New System was blended with a municipal bond rate (3.83%) and applied to all projected benefit payments to determine the total pension liability. The fiduciary net position is projected to be fully depleted by year 2043. The Firefighters' Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate for the Old System was determined using a municipal bond rate (3.83%) and applied to all projected future benefit payments of current plan members.

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Notes to Basic Financial Statements

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Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following table presents the net pension liability of the City as of December 31, 2017, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|------------------------|----------------------|----------------------------------|----------------------|
| <u>Old Plan</u> | | | |
| Rates | 2.83% | 3.83% | 4.83% |
| City Share of NPL | \$ 152,170,000 | \$ 141,735,000 | \$ 134,797,000 |
| <u>New Plan</u> | | | |
| Rates | 6.50% | 7.50% | 8.50% |
| City Share of NPL | \$ 407,230,000 | \$ 371,299,000 | \$ 340,578,000 |
| <u>Employees' Plan</u> | | | |
| Rates | 6.50% | 7.50% | 8.50% |
| City Share of NPL | \$ 247,884,000 | \$ 193,049,000 | \$ 151,799,000 |
| <u>MPERS</u> | | | |
| Rates | 6.325% | 7.325% | 8.325% |
| City Share of NPL | \$ 293,624,000 | \$ 212,525,000 | \$ 144,489,000 |

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2017, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 15.02% for the Employees' Retirement System, (3.10)% for the Firefighters' New System, and (1.05)% for the Firefighters' Old System.

Payables to the Pension Plan

The City recorded accrued liabilities to each of the plans for the year ended December 31, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts payables. The balance due to each for the plans at December 31, 2017 is as follows:

| | <u>2017</u> |
|---|--------------|
| Firefighters Pension and Relief Fund | |
| Old System | \$ - |
| New System | - |
| Employees' Plan | - |
| Municipal Police Employees' Retirement System | \$ 2,327,000 |

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Total Net Pension Liability of Employees' Retirement System of the City of New Orleans and Related Net Pension Liability for Discretely Presented Component Units

The City is the sponsor of the Employees' Retirement System of the City of New Orleans, which the City allows the employees of its component units and other city organizations and agencies to participate in the System. At December 31, 2017, the net pension liability for each discretely presented component units are as follows:

| | <u>Net Pension Liability</u> | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> | <u>Pension Expense</u> |
|---------------------------------------|----------------------------------|------------------------------|-----------------------------|----------------------------|
| Louis Armstrong New Orleans | \$ 14,839,000 | \$ 4,002,000 | \$1,733,000 | \$2,097,000 |
| International Airport | | | | |
| New Orleans Municipal Yacht Harbor | | | | |
| Management Corporation | 358,000 | 117,000 | 42,000 | 53,000 |
| Canal Street Development Corporation | 649,000 | 211,000 | 76,000 | 97,000 |
| Orleans Parish Communication District | 11,228,000 | 3,656,000 | 1,320,000 | 1,678,000 |
| French Market Corporation | 3,635,000 | 1,184,000 | 427,000 | 543,000 |

Firefighters' Pension and Relief Fund Investment Receivable

On March 31, 2008, the FPRF invested \$15 million in the Series N shares of the FIA Leveraged Fund ("Leverage Fund"), an open ended investment fund registered in the Cayman Islands. In 2011, the Leverage Fund filed for bankruptcy protection. In October, 2012, the bankruptcy court issued an order for the appointment of a U.S. Trustee to investigate the assets of the fund and manage the liquidation of the fund in the Southern District of New York.

As of December 31, 2014, the entire investment was written off. The FPRF has also filed lawsuits against several of the Leverage Fund's third-party service providers in which counsel projects recovery of an indeterminable amount.

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Postretirement Healthcare Benefits

Plan Description

The City of New Orleans' medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. Most City employees are covered by one of three primary systems: the Employees' Retirement System of the City of New Orleans (NOMERS), the Louisiana State Municipal Police Retirement System (MPERS), and the New Orleans Firefighters' Pension and Relief Fund (FPRF). The maximum DROP period is five years in NOMERS and FPRF and three years in MPERS. Retirement (DROP entry) eligibility is as follows: in NOMERS, the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 5 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80); in MPERS, the earlier of 25 years of service and age 50 and 20 years of service (in MPERS, DROP entry requires age 55 and 12 years of service or 20 years of service and eligibility to retire); in FPRF, age 50 and 12 years of service. However, because of the "back-loaded" benefit formula in the FPRF plan relative to years of service, the retirement assumption used for that plan was the earliest of age 50 and 30 years of service, age 55 and 25 years of service, and age 60 and 12 years of service.

Contribution Rates

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy

Until 2007, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the City's portion of health care funding cost for retired employees totaled \$5,246,000 and \$999,000, respectively.

Effective January 1, 2007, the City implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

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Annual Required Contribution

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

| | | |
|------------------------------------|----|--------------|
| Normal Cost | \$ | 1,834 |
| 30-year UAL amortization amount | | 5,621 |
| Annual required contribution (ARC) | \$ | <u>7,455</u> |

Net Post-employment Benefit Obligation (Asset)

The table below shows the City's net OPEB obligation for fiscal year ending December 31, 2017:

| | | |
|--|----|--------------------|
| Beginning Net OPEB Obligation 1/1/2017 | \$ | 89,812,000 |
| Annual required contribution | | 7,455,000 |
| Interest on Net OPEB Obligation | | 3,592,000 |
| ARC Adjustment | | <u>(5,842,000)</u> |
| OPEB Cost | | 5,205,000 |
| Contribution | | - |
| Current year retiree premium | | <u>(5,246,000)</u> |
| Change in Net OPEB Obligation | | <u>(41,000)</u> |
| Ending Net OPEB Obligation 12/31/2017 | \$ | <u>89,771,000</u> |

The following table shows the City's annual other post-employment benefits cost, percentage of the cost contributed, and the net unfunded other post-employment benefits obligation (asset):

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|--|----------------------------|
| December 31, 2017 | \$ 5,205,000 | 100.79% | \$ 89,771,000 |
| December 31, 2016 | \$ 15,115,000 | 6.61% | \$ 89,812,000 |
| December 31, 2015 | \$ 14,728,000 | 6.28% | \$ 75,696,000 |

Funded Status and Funding Progress

In 2017 and 2016, the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2017 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$101,089,000 which is defined as that portion, as determined by a particular actuarial cost

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method (the City of New Orleans uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

| | |
|---|-----------------------|
| Actuarial Accrued Liability (AAL) | \$ 101,089,000 |
| Actuarial Value of Plan Assets (AVP) | - |
| Unfunded Act. Accrued Liability (UAAL) | <u>\$ 101,089,000</u> |
| Funded Ratio (AVP/AAL) | 0% |
| Covered Payroll (active plan members) | \$ 261,183,506 |
| UAAL as a percentage of covered payroll | 38.70% |

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of New Orleans and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

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Actuarial Value of Plan Assets

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post-employment Benefit Plan Eligibility Requirements

It is assumed that entitlement to benefits will commence at the end of the DROP period, as described above under the heading "Plan Description". In addition, an additional delay of one year after earliest retirement eligibility was included for NOMERS employees and a further two years' delay where eligibility was under the "Rule of 80". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate)

GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes. The retiree medical plan was amended in 2010 to provide that only Medicare Part D Prescription Drug coverage is covered by the employer after age 65 for current and future retirees.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Inflation Rate

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

OPEB Costs and Contributions

| | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2017</u> |
|--|----------------------|----------------------|--------------------|
| OPEB Cost | \$ 14,728,000 | \$ 15,115,000 | \$ 5,205,000 |
| Contribution | - | - | - |
| Retiree premium | <u>925,000</u> | <u>999,000</u> | <u>5,246,200</u> |
| Total contribution and premium | <u>925,000</u> | <u>999,000</u> | <u>5,246,200</u> |
| Change in net OPEB obligation | \$ <u>13,803,000</u> | \$ <u>14,116,000</u> | \$ <u>(41,000)</u> |
| % of contribution to cost | 0.00% | 0.00% | 0.00% |
| % of contribution plus premium to cost | 6.28% | 6.61% | 100.79% |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(9) Individual Fund Disclosures

Deficit Fund Equity

At December 31, 2017, the HUD and FEMA funds had deficit fund balances in the amounts of approximately \$11,679,000 and \$19,637,000, respectively. The deficit fund balances in both the HUD and FEMA funds are a result of accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues. The City is currently pursuing obtaining FEMA approval for projects that have been completed by the City and increases in funding for projects that have already been approved by FEMA. If the City is not able to obtain increased funding, the deficit will be funded by the general fund.

At December 31, 2017, the following special revenue nonmajor funds had deficit balances:

| <u>Special Revenue Nonmajor Fund</u> | <u>Deficit Amount</u> |
|---|-----------------------|
| Mayoral Fellows Program | \$ 1,000 |
| French Quarter Development District | 497,000 |
| Plant-a-Tree Campaign | 306,000 |
| Louisiana Office of Community Development | 5,166,000 |
| FDJ Office of Justice Program | 115,000 |
| Federal Department of Health | 4,128,000 |
| Louisiana Commission on Law Enforcement | 443,000 |
| Department of Health and Human Resources | 5,000 |
| Louisiana Department of Public Safety | 75,000 |
| Department of Labor | 618,000 |
| Private Grants | 1,613,000 |
| Federal Department of Homeland Security | 50,000 |
| Federal Department of Social Service | 14,000 |
| Louisiana Military Department | 67,000 |
| Federal Transportation Authority | 340,000 |
| FHWA Federal Highway Commission | 26,000 |

The deficit fund balances in these special revenue non-major funds result from accrued expenditures for which no revenue has been recognized. The City plans to fund these deficits with future revenues or the general fund and the City has assigned fund balance in the general fund to cover these deficits.

Interfund Receivables and Payables

Interfund balances resulted from the time lag between the dates (1) when interfund services are provided or reimbursable expenditures occur and (2) payments between funds are made. For example, the General Fund originally incurred expenditures that were ultimately recorded in the FEMA grant and reimbursed by the federal government. The interfund balances between the General Fund and Nonmajor Funds result from timing differences in the payment for services and reimbursement from the federal government. The interfund balances are not expected to be repaid within the year.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Individual fund interfund receivables and payables at December 31, 2017 were as follows (amounts in thousands):

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|------------------|
| General Fund | FEMA Fund | \$ 9,966 |
| | HUD Fund | 7,608 |
| | Capital Projects | 7,416 |
| | Nonmajor Funds | 6,605 |
| FEMA Fund | Nonmajor Funds | 7 |
| Nonmajor Funds | HUD Fund | 87 |
| | General Fund | 1 |
| | Nonmajor Funds | 86 |
| | | <u>\$ 31,776</u> |

Fund Transfers

Individual fund transfers for the year ended December 31, 2017 were as follows (amounts in thousands):

| | <u>Transfers-in</u> | <u>Transfers-out</u> |
|-------------------|---------------------|----------------------|
| General | \$ 92 | \$ - |
| Capital projects | - | (92) |
| Debt service fund | 3,852 | - |
| Nonmajor funds | 500 | (4,352) |
| Total | <u>\$ 4,444</u> | <u>\$ (4,444)</u> |

Transfers are used to (1) move revenues from the fund that statute or the budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Charges to Component Units for Support Services

Charges for support services paid by the Airport to the general fund during fiscal year 2017 amounted to \$5,633,000 primarily for overhead reimbursement and fire protection.

The City does not charge the Downtown Development District, French Market Corporation, the Municipal Yacht Harbor Management Corporation, or Canal Street Development Corporation for any support services provided to them. In addition, the City does not charge rent to the Audubon Commission for the land which is owned by the City on which the golf course operates.

(10) Fund Balance

Fund balances for the City's governmental funds consisted of the following as of December 31, 2017:

Non-Spendable Fund Balance – The non-spendable fund balance on the special revenue funds is made up of long-term grantee loan receivables and trust accounts.

Restricted Fund Balance – The restricted fund balance on the special revenue funds is made up of balances restricted for purposes as designated in the grant agreements. The restricted fund balance on the debt service fund is made up of balances restricted for future debt service. The restricted fund balance in the capital projects fund includes unspent proceeds from bond issuances, grants, and donations that are restricted for capital improvements.

Committed Fund Balance – The committed fund balance on the general fund is made up of funds designated by the City Council to be used to fund future litigation costs and public libraries. The committed fund balance on the special revenue funds consists of unrestricted donations and grants committed for various projects by the City Council. The committed fund balance on the capital projects fund is made up of funds designated by the City Council to be used for capital improvements.

Assigned Fund Balance – The assigned fund balance on the special revenue funds are unrestricted donations and other funds assigned by the Council or management for various projects. The assigned fund balance on the general fund is made up of funds designated by the City Council or management to be used to fund future litigation costs, public libraries, and to cover deficits of other funds.

Unassigned Fund Balance – The unassigned fund balance includes all amounts not included in other spendable classifications.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(11) Summary of Sales Tax Collections Remitted to Other Taxing Authorities

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during 2017 (amounts in thousands).

| | <u>Total Collections</u> | <u>Collection Cost</u> | <u>December 2017 Payment Distributed in 2018</u> | <u>December 2016 Payment Distributed in 2017</u> | <u>Final Distribution</u> |
|-----------------------------|------------------------------|----------------------------|--|--|-------------------------------|
| Orleans Parish School Board | \$ 126,927 | \$ (2,031) | \$ (10,767) | \$ 9,408 | \$ 123,537 |
| Regional Transit Authority | 79,535 | (1,273) | (6,793) | 6,071 | 77,540 |
| | <u>\$ 206,462</u> | <u>\$ (3,304)</u> | <u>\$ (17,560)</u> | <u>\$ 15,479</u> | <u>\$ 201,077</u> |

(12) Interest Income

Interest earned on investments held by the City's capital projects fund, certain special revenue funds (Sidewalk Paving and Repairing, Traffic Court Judicial Expense, Department of Safety and Permits – Demolition, Vieux Carre' Commission, and Municipal Court Judicial Expense) and certain agency funds (Clearing and Deposit) is recorded as revenue of the General Fund. The amount of interest revenue recorded by the General Fund on investments of the capital projects fund for the year ended December 31, 2017 was approximately \$2,767,000.

(13) Commitments and Contingencies

Operating Lease Agreements

The City has commitments under several operating lease agreements for equipment and facilities. These lease agreements are primarily for copier and data processing equipment and for land and buildings. Future minimum lease payments under these leases for the next five years are as follows (amounts in thousands):

| | |
|--------------------------|----------|
| Year ending December 31: | |
| 2018 | \$ 2,997 |
| 2019 | 1,574 |
| 2020 | 1,280 |
| 2021 | 232 |
| 2022 | 68 |

Annual lease expense for operating lease agreements was approximately \$5,677,000 in 2017.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Claims and Judgments

The City is a defendant in a number of claims and lawsuits alleging, among other things, personal injury, police brutality, wrongful death, over-collection of property taxes, and improperly designed drainage systems. The City is self-insured for such cases as described below.

Self-Insurance

The City is self-insured for its motor vehicle fleet, and general liability and police department excessive force, workers' compensation, hospitalization, and unemployment losses and claims. The City's claims are financed on a "pay-as-you-go" basis for its motor vehicle fleet, general liability, and police department excessive force losses. Premiums are charged by the General Fund to the City's various funds for the unemployment and worker's compensation self-insurance programs and to employees and the City's various funds for the hospitalization self-insurance programs. Paid claims in excess of such premiums, if any, are funded by the General Fund.

As of December 31, 2017, the City has determined, through an analysis of historical experience, the adequacy of the liability necessary to cover all losses and claims, both incurred and reported and incurred but not reported (IBNR), under its self-insurance programs. The City does not discount its claims liabilities. The liabilities of \$216,000 for motor vehicle fleet, \$286,838,000 for general liability and police department excessive force losses, \$115,287,000 for workers' compensation, and \$5,554,000 for hospitalization and unemployment have been accrued in the government-wide financial statements in the total amount of \$407,894,000.

In 1981, a class action lawsuit was filed by the New Orleans Firefighters Union and individual employees of the New Orleans Fire Department principally concerning the City's implementation of the New Orleans Civil Service Commission's annual leave policy which limited the amount of unused annual leave that could be accrued and carried over into subsequent years. The case has been in litigation since 1981. The estimated reserve for the case is \$60 million at December 31, 2017.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Changes to the City's claims liability amounts in fiscal 2017 and 2016 are as follows (amounts in thousands):

| | <u>Beginning of fiscal year liability</u> | <u>Claims and changes in estimates</u> | <u>Benefit payments, claims, and adjustments</u> | <u>Balance at fiscal year-end</u> | <u>Due in one year</u> |
|---|---|--|--|---|----------------------------|
| General liability and police liability: | | | | | |
| 2016 | \$ 282,854 | \$ 42,890 | \$ (123,558) | \$ 202,186 | \$ 11,953 |
| 2017 | 202,186 | 102,552 | (17,900) | 286,838 | 8,319 |
| Workers' compensation: | | | | | |
| 2016 | 114,873 | 22,428 | (23,945) | 113,356 | 22,216 |
| 2017 | 113,356 | 25,638 | (23,707) | 115,287 | 23,707 |
| Motor vehicle fleet: | | | | | |
| 2016 | 221 | 515 | (438) | 298 | 298 |
| 2017 | 298 | 160 | (242) | 216 | 216 |
| Hospitalization and unemployment: | | | | | |
| 2016 | 4,849 | 59,312 | (59,195) | 4,966 | 4,966 |
| 2017 | 4,966 | 61,792 | (61,204) | 5,554 | 5,553 |
| Total: | | | | | |
| 2016 | 402,797 | 125,145 | (207,136) | 320,806 | 41,162 |
| 2017 | 320,729 | 190,142 | (103,053) | 407,895 | 37,795 |

Federal Financial Assistance Questioned Costs

The City receives federal financial assistance directly from federal agencies or passed through from other government agencies. Audits of the City's federal award programs periodically disclosed certain items or transactions as questioned costs. The ultimate resolution or determination as to whether the costs will be disallowed under the affected grants will be made by the various funding sources and cannot be determined at this time. The City believes disallowances, if any, will be immaterial to its financial position and operations.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Landfill Closing Costs

The City owns two closed landfill sites located in the eastern portion of the City (Recovery I Landfill and Gentilly Landfill). State and federal laws require the City to cap the landfill and to monitor and maintain the site for 30 subsequent years. The Gentilly Landfill, which was closed in 1995, was reopened in 2005 under an agreement with a third party vendor. The agreement requires the vendor to pay a 3% royalty fee to the City and a fee equal to 50 cents per cubic yard of waste disposed at the site to be put in to trust to fund the future landfill post closure costs until such time that this liability becomes fully funded, as certified by the Louisiana Department of Environmental Quality (LDEQ). The City does not record this liability on its books, as the third party vendor is contributing to the trust in accordance with the agreement. The Recovery I site was closed in June 2003 upon obtainment of the Closure Certificate from LDEQ. In 2013, the LDEQ approved a revised closure date for the Recovery I site of April 2013.

Through the time of closure, in the government-wide financial statements, the City recognized a portion of the closure and postclosure care costs in each operating period although actual payouts will not occur until this landfill is capped and closed, respectively. The amount recognized each year to date was based on the landfills' capacities used as of the balance sheet date. As of December 31, 2017, the City has estimated its liability at \$4,162,000.

These amounts are based on what it would cost to perform all closure and post closure care beginning in 2013 for a 30 year period, adjusted for annual cost increases of 3%. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, and may need to be covered by charges from future tax revenue. Current funding of these costs comes from the General Fund.

Arbitrage

The City has issued tax-exempt bonds that are subject to arbitrage regulations of the Internal Revenue Service, which impose restrictions on the use of proceeds from tax-exempt bonds. If certain of these restrictions are not complied with, the bonds could lose their tax-exempt status retroactive to the date of original issuance and also result in the City being subject to arbitrage rebates. The City believes it is in compliance with the arbitrage regulations with respect to all of its tax-exempt bond issues.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

Consent Decrees

On July 24, 2012, in a joint motion the United States of America and the City of New Orleans filed an entry of decree. The purpose of the consent decree is to remedy an alleged pattern or practice of conduct by the NOPD that subjects individuals to excessive force in violation of the Fourth Amendment. The Consent Decree contains detailed provisions concerning changes in NOPD policies and practices related to: (1) the use of force; (2) investigatory stops and detentions, searches, and arrests; (3) custodial interrogations; (4) photographic lineups; (5) bias-free policing; (6) community engagement; (7) recruitment; (8) training; (9) officer assistance and support; (10) performance evaluations and promotions; (11) supervision; (12) the secondary employment system, also known as the paid detail system; (13) misconduct complaint intake, investigation, and adjudication; and (14) transparency and oversight. The cost to continue this Consent Decree over a remaining three year period is estimated to be \$18,254,000.

This litigation was filed against Orleans Parish Sheriff's Office (OPSO) in 2012 to address allegedly unconstitutional conditions at the Orleans Parish Prison (OPP). The City was named as third-party defendant to this litigation solely because it has a statutory obligation to fund the OPSO and OPP. The OPSO agreed to a consent judgment in 2012 that provided for the implementation of various reforms at OPP, many of them operational. These reforms are currently being implemented with the assistance of various federal monitors and an independent compliance director. The Consent Decree does not technically cast the City in judgment, and, thus, does not create a clearly ascertainable monetary liability. Rather, the cost of implementing Consent Decree reforms has been reflected in the Sheriff's overall budgetary allocation since 2013. The Sheriff's budget does not expressly delineate a percentage directly attributable to Consent Decree costs. Nevertheless, it is not anticipated that subsequent OPSO budgets will contain significant additional increases related to Consent Decree compliance.

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(14) Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities

Act 711 of the Louisiana Legislative Session amended LRS 24:513 B to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. The following table includes a list of ad valorem taxes to be collected by other City taxing jurisdictions (amounts in thousands):

| | 2017 | Less Non-Cash | Net |
|-------------------------------|---------------------|----------------------|---------------------|
| | Taxes Levied | Adjustments | Taxes Levied |
| | | to Tax Rolls | |
| Board of Liquidation | \$ 93,176 | \$ (1,354) | \$ 91,822 |
| Sewerage & Water Board | 59,247 | (797) | 58,450 |
| Orleans School Board | 165,560 | (2,396) | 163,164 |
| Orleans Levee Board West Bank | 2,820 | (31) | 2,789 |
| Orleans Levee Board East Bank | 42,113 | (611) | 41,502 |
| Law Enforcement District | 10,231 | (149) | 10,082 |
| Audubon Zoological Garden | 1,169 | (18) | 1,151 |
| Aquarium of the Americas | 10,925 | (161) | 10,764 |
| Downtown Development District | 7,687 | (32) | 7,655 |
| Touro Bouligny | 390 | (3) | 387 |
| Garden District | 935 | (13) | 922 |
| Total | <u>\$ 394,253</u> | <u>\$ (5,565)</u> | <u>\$ 388,688</u> |

Uncollected taxes are a result of properties that will be sold in the subsequent year or properties that were put up for sale but not purchased and will be put up for sale again in the subsequent year.

Listed on the following page is a summary of ad valorem tax activity related to other City taxing jurisdictions during 2017 (amounts in thousands).

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

| | A 2016 Due From/ (Due To) | 2017 Tax Collected in 2017 | 2018 Tax Collected in 2017 | Prior Years Tax Collected in 2017 | B Total Tax Collected in 2017 | C 2017 Payments to Boards | A-B+C 2017 Due From/ (Due To) |
|------------------------------------|------------------------------------|----------------------------------|----------------------------------|---|--|------------------------------------|--|
| Board of Liquidation | \$ (3,195) | 83,718 | \$ 5,415 | \$ 2,344 | \$ 91,477 | \$ 87,175 | \$ (7,497) |
| Sewerage & Water Board | (2,382) | 53,846 | 3,447 | 1,769 | 59,061 | 55,633 | (5,810) |
| Orleans Parish School Board | (692) | 149,254 | 9,622 | 5,064 | 163,940 | 156,025 | (8,607) |
| Orleans Levee Board West Bank | (954) | 2,540 | 67 | 89 | 2,697 | 2,626 | (1,025) |
| Orleans Levee Board East Bank | (664) | 37,832 | 2,542 | 1,058 | 41,433 | 39,442 | (2,655) |
| Law Enforcement District | (366) | 9,193 | 595 | 257 | 10,044 | 9,573 | (837) |
| Audubon Zoological Garden | (40) | 1,051 | 68 | 30 | 1,149 | 1,094 | (95) |
| Aquarium of the Americas | (376) | 9,816 | 635 | 284 | 10,735 | 10,225 | (886) |
| Downtown Development District | (253) | 6,963 | 307 | 219 | 7,489 | 7,273 | (469) |
| New Orleans Regional Business Park | (6) | - | - | 1 | 1 | 2 | (5) |
| Touro Bouligny | (33) | 355 | 30 | 1 | 387 | 368 | (52) |
| Garden District | (65) | 853 | 133 | 5 | 990 | 878 | (177) |
| Total | <u>\$ (9,026)</u> | <u>\$ 355,421</u> | <u>\$ 22,861</u> | <u>\$ 11,121</u> | <u>\$ 389,403</u> | <u>\$ 370,314</u> | <u>\$ (28,115)</u> |

The amount of taxes collected through tax sales for other taxing authorities in 2017 totaled \$1,169,754

The amount of interest on late ad valorem tax payments that was collected and disbursed to other taxing authorities during 2017 totaled \$1,438,880

(Continued)

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(15) Restoration Tax Abatement Program

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Restoration Tax Abatement Program ("RTAP"). For the year ending December 31, 2017, the government participated in the Restoration Tax Abatement Program.

Under the RTAP, as authorized by *Article 7, Section 21(H) of the Louisiana Constitution and Louisiana Revised Statutes 47:4311*, companies that expand, restore, improve or develop an existing structure or structures in a downtown, historic, or economic development district can apply to the State Board and the local governing authority for a property tax exemption. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon the approval of the State Board and the local governing authority. The property tax abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

Taxes abated for the fiscal year ended December 31, 2017 as well as future abatement estimates for active abatement agreements as of December 31, 2017 is as follows:

| Taxing Body | Millage Rate | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|-------------------------------|--------------|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| Downtown Development District | 14.76 | \$ 458,000 | \$ 409,000 | \$ 350,000 | \$ 208,000 | \$ - | \$ 1,425,000 |
| Sewerage & Water Board | 11.77 | 646,000 | 489,000 | 382,000 | 199,000 | 11,000 | 1,727,000 |
| Audobon Zoo | 0.32 | 18,000 | 13,000 | 10,000 | 5,000 | - | 46,000 |
| Audobon Aquarium | 2.99 | 164,000 | 124,000 | 97,000 | 51,000 | 3,000 | 439,000 |
| School Board | 45.31 | 2,487,000 | 1,881,000 | 1,469,000 | 767,000 | 42,000 | 6,646,000 |
| Levee Board (East) | 12.28 | 674,000 | 510,000 | 398,000 | 208,000 | 11,000 | 1,801,000 |
| Law Enforcement District | 2.8 | 154,000 | 116,000 | 91,000 | 47,000 | 3,000 | 411,000 |
| City of New Orleans | 71.65 | 3,933,000 | 2,975,000 | 2,323,000 | 1,214,000 | 66,000 | 10,511,000 |
| | | <u>\$ 8,534,000</u> | <u>\$ 6,517,000</u> | <u>\$ 5,120,000</u> | <u>\$ 2,699,000</u> | <u>\$ 136,000</u> | <u>\$ 23,006,000</u> |

CITY OF NEW ORLEANS, LOUISIANA

Notes to Basic Financial Statements

December 31, 2017

(16) Restatement

During 2017, the City identified several adjustments which impacted prior year financial statements which arose from the understatement of expenses. A summary of the impact of these adjustments is as follows.

The impact on governmental fund balance was as follows:

| | |
|---|------------|
| Fund balance, as previously reported, December 31, 2016 | \$ 348,363 |
| Prior period adjustments | |
| General fund related to understatement of expenditures | (35) |
| Capital projects fund related to understatement of expenditures | (3,212) |
| Nonmajor governmental funds related to understatement of expenditures | (171) |
| Nonmajor governmental funds related to understatement of revenue | 141 |
| | (3,277) |
| | \$ 345,086 |

The impact on net position was as follows:

| | |
|---|--------------|
| Net position (deficit), as previously reported, December 31, 2016 | \$ (201,868) |
| Prior period adjustment | |
| Related to understatement of capital assets | (22,680) |
| Related to understatement of revenue | 141 |
| Related to understatement of expenses | (3,418) |
| | (25,957) |
| | \$ (227,825) |

(17) New Pronouncements

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* in June 2015. This statement will supersede GASB No. 45. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The City is currently assessing the impact of this pronouncement on the financial statements and expects the impact to be significant.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW ORLEANS, LOUISIANA
Notes to Required Supplementary Information
Year ended December 31, 2017
(Unaudited)

Required Supplementary Information includes budgetary comparisons for the General Fund and the Schedules of Funding Progress.

(1) Budgetary Data

The procedures used by the City in establishing the general fund budgetary data are as follows:

- Not later than November 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted, after proper official public notification, to obtain taxpayer comments.
- Not later than December 1, the budget is legally enacted through passage of an ordinance.
- The City's budget ordinance is structured such that revenues are budgeted by source, and expenditures are budgeted by department and by principal object classification within a department. The City's charter provides that expenditures may not legally exceed appropriations either at a departmental level or at the principal object classification within a department.
- The Mayor's office is allowed to authorize the transfer of budgeted amounts from one budget activity to another within a principal object classification within the same department. Budgetary transfers between principal object classifications of the same department or between departments must be approved by the City Council. Throughout the year, several amendments to the budget were made by the City Council.
- The City utilizes formal budgetary integration as a management control device during the year for the general and capital projects funds. Formal budgetary integration is not employed for the debt service and special revenue funds because effective budgetary control is alternatively achieved through other provisions.
- Unencumbered appropriations lapse at year-end. Current year transactions, which are directly related to a prior year's budget, are not rebudgeted in the current year.
- The City adopts an ordinance subsequent to year end to agree the final budgeted expenditures to actual expenditures.

(2) Schedules of Funding Progress

The Firefighters' Pension and Relief Fund (New System) uses the aggregate actuarial cost method; therefore, a schedule of funding progress is not required when this method is used in determining funding requirements because this method does not separately identify an actuarial accrued liability.

CITY OF NEW ORLEANS, LOUISIANA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Non-GAAP Budgetary Basis) and Actual – General Fund
 Year ended December 31, 2017
 (Amounts in thousands)

| | Original budget | Revised budget | Actual on budgetary basis | Variance favorable (unfavorable) |
|---|--------------------|-------------------|---------------------------------|--|
| Revenues: | | | | |
| Taxes | \$ 389,470 | \$ 389,470 | \$ 404,114 | \$ 14,644 |
| Licenses and permits | 64,010 | 64,010 | 71,220 | 7,210 |
| Intergovernmental | 23,281 | 31,620 | 32,772 | 1,152 |
| Charges for services | 88,901 | 88,901 | 89,825 | 924 |
| Fines and forfeits | 54,324 | 54,324 | 40,998 | (13,326) |
| Interest income | 429 | 429 | 1,675 | 1,246 |
| Contributions, gifts, and donations | 294 | 690 | 37 | (653) |
| Miscellaneous | 29,428 | 31,604 | 34,473 | 2,869 |
| Total revenues | <u>650,137</u> | <u>661,048</u> | <u>675,114</u> | <u>14,066</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 221,743 | 248,574 | 231,642 | 16,932 |
| Public safety | 277,382 | 280,031 | 286,089 | (6,058) |
| Public works | 81,181 | 90,336 | 86,372 | 3,964 |
| Health and human services | 19,968 | 20,489 | 20,728 | (239) |
| Culture and recreation | 29,146 | 29,421 | 27,523 | 1,898 |
| Debt service: | | - | | |
| Principal and interest | 32,054 | 32,054 | 34,631 | (2,577) |
| Total expenditures | <u>661,474</u> | <u>700,905</u> | <u>686,985</u> | <u>13,920</u> |
| Excess (deficiency) of revenues over expenditures | <u>(11,337)</u> | <u>(39,857)</u> | <u>(11,871)</u> | <u>27,986</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 3,437 | 3,437 | 92 | (3,345) |
| Operating transfers out | - | - | - | - |
| Proceeds from Note Payable | - | 10,000 | 10,000 | - |
| Appropriations from prior year budgetary fund balance | 7,900 | 26,420 | - | (26,420) |
| Reduction in prior year's outstanding encumbrances | - | - | 296 | 296 |
| Other | - | - | (21) | (21) |
| Total other financing sources (uses) | <u>11,337</u> | <u>39,857</u> | <u>10,367</u> | <u>(29,490)</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>(1,504)</u> | <u>\$ (1,504)</u> |
| Fund balances, beginning of year | | | 61,831 | |
| Fund balances – budgetary basis, end of year | | | <u>\$ 60,327</u> | |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Budget to GAAP Reconciliation
 (Unaudited)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted original budget and final budget (non-GAAP basis) with actual data on a budgetary basis. In the general fund, accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below (amounts in thousands):

| | |
|--|-----------------|
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis) | \$ (1,504) |
| Adjustments: | |
| To adjust revenues and expenditures for accruals and deferrals | 3,241 |
| Net change in fund balance | <u>\$ 1,737</u> |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Required Supplementary Information Under GASB Statement No. 67 and 68
 Year ended December 31, 2017
 (Amounts in Thousands)

SCHEDULE OF NET PENSION LIABILITY

| Actuarial Valuation Date | Total Pension Liability | Plan Fiduciary Net Position | Employer's Net Pension Liability | Plan Fiduciary Net Position as a % of Total Pension Liability | Covered Payroll (millions) | Net Position as a Percentage of payroll |
|---|----------------------------|--------------------------------|--|---|----------------------------------|--|
| December 31 | | | | | | |
| Employees' Retirement System: | | | | | | |
| 2014 | \$ 540,176 | \$ 370,750 | \$ 169,426 | 68.64% | \$ 97,244 | 174.23% |
| 2015 | 562,686 | 339,099 | 223,587 | 60.26% | 105,692 | 211.55% |
| 2016 | 606,005 | 353,610 | 252,395 | 58.35% | 115,505 | 218.51% |
| 2017 | 629,766 | 391,827 | 234,865 | 62.22% | 120,809 | 194.41% |
| Firefighters' Pension and Relief Fund (New System): | | | | | | |
| 2014 | \$ 502,316 | \$ 65,377 | \$ 436,939 | 13.02% | \$ 26,985 | 1619.19% |
| 2015 | 393,707 | 50,268 | 343,439 | 12.77% | 27,089 | 1267.82% |
| 2016 | 414,297 | 42,998 | 371,299 | 10.38% | 27,149 | 1367.63% |
| Firefighters' Pension and Relief Fund (Old System): | | | | | | |
| 2014 | \$ 176,689 | \$ 15,260 | \$ 161,429 | 8.64% | \$ - | N/A |
| 2015 | 169,294 | 15,003 | 154,291 | 8.86% | - | N/A |
| 2016 | 150,250 | 8,515 | 141,735 | 5.67% | - | N/A |

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended | Actuarially Determined Contribution | Contributions in Relation to the Actuarial Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll Contribution | Contributions as a % of Covered Payroll |
|---|---|--|--|---------------------------------|--|
| Employees' Retirement System: | | | | | |
| 2014 | \$ 20,871 | \$ 21,926 | \$ 1,055 | \$ 97,244 | 22.55% |
| 2015 | 22,713 | 24,011 | 1,298 | 105,692 | 22.72% |
| 2016 | 26,858 | 27,599 | 741 | 115,505 | 23.89% |
| 2017 | 28,015 | 27,170 | (845) | 120,809 | 22.49% |
| Firefighters' Pension and Relief Fund (New System): | | | | | |
| 2014 | \$ 36,182 | \$ 20,649 | \$ (15,533) | \$ 26,985 | 76.52% |
| 2015 | 31,993 | 30,501 | (1,492) | 27,089 | 112.60% |
| 2016 | 33,640 | 32,279 | (1,361) | 27,149 | 118.90% |
| Firefighters' Pension and Relief Fund (Old System): | | | | | |
| 2014 | \$ 18,841 | \$ 17,173 | \$ (1,668) | \$ - | N/A |
| 2015 | 17,404 | 18,066 | 662 | - | N/A |
| 2016 | - | 12,121 | 12,121 | - | N/A |

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

(Continued)

CITY OF NEW ORLEANS
 Required Supplementary Information Under GASB Statement No. 67 and 68
 For the year ended December 31, 2017
 (Amounts in Thousands)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

| | Firefighters' Pension and Relief Fund | | | | | |
|---|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | New System | New System | New System | Old System | Old System | Old System |
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| Total pension liability | | | | | | |
| Service cost | \$ 6,328 | \$ 6,183 | \$ 5,865 | \$ - | \$ - | \$ - |
| Interest on total pension liability | 28,033 | 25,109 | 31,786 | 5,723 | 6,202 | 11,143 |
| Effect of plan changes | (18,913) | (18,530) | (16,072) | - | 3,065 | 12,642 |
| Effect of economic/demographic gains or (losses) | 44,771 | - | - | (4,199) | - | - |
| Effect of assumption changes or inputs | 251 | (80,611) | 95,806 | (2,589) | 1,457 | 24,968 |
| Benefit payments | (39,880) | (40,760) | (38,889) | (17,978) | (18,120) | (20,641) |
| Net change in total pension liability | <u>20,590</u> | <u>(108,609)</u> | <u>78,496</u> | <u>(19,043)</u> | <u>(7,396)</u> | <u>28,112</u> |
| Total pension liability, beginning | <u>393,707</u> | <u>502,316</u> | <u>423,820</u> | <u>169,293</u> | <u>176,689</u> | <u>148,577</u> |
| Total pension liability, ending (a) | <u>\$ 414,297</u> | <u>\$ 393,707</u> | <u>\$ 502,316</u> | <u>\$ 150,250</u> | <u>\$ 169,293</u> | <u>\$ 176,689</u> |
| Plan Fiduciary Net Position | | | | | | |
| Employer contributions | \$ 32,279 | \$ 30,411 | \$ 20,649 | \$ 12,121 | \$ 18,066 | \$ 17,173 |
| Employee contributions | 2,730 | 2,577 | 2,039 | - | - | - |
| Investment income net of investment expenses | (1,518) | (6,516) | (5,328) | 890 | 200 | 1,623 |
| Benefit payments | (39,880) | (40,760) | (38,890) | (17,978) | (18,120) | (20,641) |
| Administrative expenses | (880) | (822) | (601) | (424) | (404) | (575) |
| Net change in plan fiduciary net position | <u>(7,269)</u> | <u>(15,110)</u> | <u>(22,131)</u> | <u>(5,391)</u> | <u>(258)</u> | <u>(2,420)</u> |
| Plan fiduciary net position, beginning | <u>50,267</u> | <u>65,377</u> | <u>87,508</u> | <u>15,002</u> | <u>15,260</u> | <u>17,680</u> |
| Plan fiduciary net position, ending (b) | <u>\$ 42,998</u> | <u>\$ 50,267</u> | <u>\$ 65,377</u> | <u>\$ 9,611</u> | <u>\$ 15,002</u> | <u>\$ 15,260</u> |
| City's net pension liability, ending = (a) - (b) | <u>\$ 371,299</u> | <u>\$ 343,440</u> | <u>\$ 436,939</u> | <u>\$ 140,639</u> | <u>\$ 154,291</u> | <u>\$ 161,429</u> |
| Plan fiduciary net position as a % of total pension liability | 10.38% | 12.77% | 13.02% | 6.40% | 8.86% | 8.64% |
| Covered payroll | \$ 27,149 | \$ 27,089 | \$ 26,985 | \$ - | \$ - | \$ - |
| City's net pension liability as a % of covered payroll | 1367.63% | 1267.82% | 1619.19% | N/A | N/A | N/A |

Valuation date: December 31, 2016.

Methods and assumptions used to determine contribution rates:

| | |
|---|--|
| Actuarial cost method: | Entry age normal |
| Asset valuation method: | Actual market value (effective January 1, 2016) |
| Cost of living raises for retirees and beneficiaries: | New System and Old System - The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |
| Salary increases: | New System - 5.00%; Old System - N/A |
| Investment rate of return: | New System - 7.50% net of investment expenses; Old System - 7.5% net of investment expenses; rate was 3.7 for 2015 |
| Retirement rates: | Employees are assumed to retire after the earliest of: first, attainment of age 50 and 30 years of service; second, the later of age 55 and completion of 25 years of service; third, attainment of age 60 and completion of 12 years of service. |

Notes to Schedules: The schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Required Supplementary Information Under GASB Statement No. 67 and 68
 For the year ended December 31, 2017
 (Amounts in Thousands)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| | Municipal Police Employees' Retirement System | | | |
|---|---|------------|------------|------------|
| | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| Employer's proportion of the net pension liability | 24.3430% | 22.6979% | 22.3598% | 21.9733% |
| Employer's proportionate share of the net pension liability | \$ 212,525 | \$ 212,743 | \$ 175,166 | \$ 137,467 |
| Employer's covered-employee payroll | N/A | N/A | N/A | \$ 56,923 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | N/A | N/A | N/A | 241.50% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.08% | 66.04% | 70.73% | 75.10% |

SCHEDULE OF CONTRIBUTIONS

| | Municipal Police Employees' Retirement System | | | |
|--|---|-----------|------------|-----------|
| | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| Actuarially required contribution | \$ 23,073 | \$ 18,757 | \$ 18,840 | \$ 22,884 |
| Contributions in relation to the actuarially required contribution | (23,089) | (18,776) | (22,814) | (21,729) |
| Contribution deficiency (excess) | \$ (16) | \$ (19) | \$ (3,974) | \$ 1,155 |
| Employers' covered employee payroll | N/A | N/A | N/A | \$ 56,923 |
| Contributions as a percentage of of covered-employee payroll | N/A | N/A | N/A | 38.17% |

Notes to Schedules: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Required Supplementary Information Under GASB Statement No. 45
 Year ended December 31, 2017
 (Amounts in thousands)

SCHEDULE OF FUNDING PROGRESS

| Fiscal Year Ended December 31 | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Payroll ((b-a) / c) |
|-------------------------------------|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 2008 | 1/1/2008 | \$ - | \$ 426,450 | \$ 426,450 | 0.0% | \$ 226,764 | 188.1% |
| 2009 | 1/1/2009 | - | 347,191 | 347,191 | 0.0% | 226,214 | 153.5% |
| 2010 | 1/1/2010 | - | 140,035 | 140,035 | 0.0% | 218,032 | 64.2% |
| 2011 | 1/1/2011 | - | 162,047 | 162,047 | 0.0% | 219,251 | 73.9% |
| 2012 | 1/1/2012 | - | 168,529 | 168,529 | 0.0% | 225,509 | 74.7% |
| 2013 | 1/1/2013 | - | 149,750 | 149,750 | 0.0% | 216,764 | 69.1% |
| 2014 | 1/1/2014 | - | 155,739 | 155,740 | 0.0% | 223,331 | 69.7% |
| 2015 | 1/1/2015 | - | 191,722 | 240,689 | 0.0% | 240,689 | 79.7% |
| 2016 | 1/1/2016 | - | 199,391 | 199,391 | 0.0% | 248,186 | 80.3% |
| 2017 | 1/1/2017 | - | 101,089 | 101,089 | 0.0% | 261,184 | 38.7% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Fiscal Year Ended December 31 | Annual Required Contributions | Amount Contributed | Percentage Contributed |
|-------------------------------------|-------------------------------------|-----------------------|---------------------------|
| 2008 | \$ 33,394 | \$ 19,224 | 57.6% |
| 2009 | 27,099 | 10,781 | 39.8% |
| 2010 | 11,508 | 7,702 | 66.9% |
| 2011 | 13,392 | 9,085 | 67.8% |
| 2012 | 13,927 | 9,812 | 70.5% |
| 2013 | 11,105 | 7,783 | 70.1% |
| 2014 | 11,549 | 8,406 | 72.8% |
| 2015 | 15,831 | 925 | 5.8% |
| 2016 | 16,465 | 999 | 6.1% |
| 2017 | 7,455 | 5,246 | 70.4% |

Notes to Schedules: Schedule is intended to show information for 10 years.

See accompanying independent auditors' report.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2017

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Significant special revenue funds are as follows.

- *New Orleans Economic Development* – Used to account for funds allocated to programs designed to alleviate economic development problems, improve quality of life, and provide jobs for the citizens of New Orleans.
- *Neighborhood Housing Improvement* – Used to account for funds allocated to programs which repair and renovate housing in low-income areas.
- *Environmental Improvement* – Used to account for funds received from fines, fees, costs, and penalties and allocated to programs designed to improve health, housing, and environmental conditions in the City.
- *American Can* – Used to account for repayment of the Section 108 loan received from the U.S. Department of Housing and Urban development (HUD) for the benefit of the American Can Project.
- *Sex Offender Proprietary Fund* – Used to account for funds collected by the New Orleans Police Department as a result of annual registration of criminals, annual updates for registration information, criminal penalties for failure to register, and related matters. Expenditures from the fund are for equipment and supplies necessary for its operation and continuation.
- *Sidewalk Paving and Repairing* – Used to account for funds dedicated to maintaining sidewalks.
- *Adopt-a-Pothole/Streets* – Used to account for funds donated to repair damaged City streets.
- *Mayor's Office of Tourism and Arts* – Used to account for programs and initiatives specifically directed toward supporting and advancing arts organizations.
- *Mayoral Fellows Program* – Used to account for funds to offer post-baccalaureate students the opportunity to serve in the New Orleans city government while helping to create a cadre of potential leaders for the community.
- *Music and Entertainment Commission* – Used to account for funds allocated for programs designed to attract music and entertainment to the City
- *New Orleans Police Department Crime Prevention* – Used to account for donations earmarked to assist the Police Department in their crime fighting efforts.
- *Asset Seizure* – Used to account for property confiscated from drug dealers by the police department to be used for crime fighting measures.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2017

- *New Orleans Recreation Foundation* – the New Orleans Recreation Development (NORD) Foundation Fund is established in the department of finance, under section 6-207 of the City Charter, to receive periodic philanthropic contributions from the NORD Foundation.
- *New Orleans Recreation Department* -- Used to account for donations designated to assist in the purchase of playground equipment.
- *New Orleans Film Commission Trust* – Used to account for funds received for the spending budget of the New Orleans Film Commission from various sources, such as the New Orleans Tourism Marketing Corporation, as well as grant funds, donations, and other monetary contributions from private individual corporations, and other institutions and entities in the private sector to support the programs and activities of the Commission.
- *Vieux Carre Residential* – This fund receives payments from individuals or businesses who wish to encourage residential uses in the Vieux Carré. The funds shall be used only for public purposes which help to retain or increase residential uses within the boundaries of the Vieux Carré National Register Historic District.
- *Public Library Donations* – Used to account for donations to enhance the City’s library system.
- *Plant-a-Tree Campaign* – Used to account for funds allocated to programs designed for planting and beautifying trees, plants, and flowers throughout the City.
- *Capital Improvements and Infrastructure* – Used to account for funds allocated for the improvements of infrastructures within the City.
- *Delgado Albania Plantation Commission* – Used to account for funds generated from the operation of a sugar cane plantation.
- *Edward Wisner* – Used to account for approximately 53,500 acres of land and water bottoms in Jefferson, St. John the Baptist and Lafourche Parishes, Louisiana from the estate of Edward Wisner to the City of New Orleans, Louisiana as Trustee, for a 100 year charitable trust. The beneficiaries of the trust include the City of New Orleans, Louisiana as beneficiary for several charitable purposes, Charity Hospital, of New Orleans, Louisiana, Tulane University, and The Salvation Army. Specific portions of the land or the income from the land were also set aside for the establishment and maintenance of specified structures for certain other organizations operating within the City of New Orleans, Louisiana. This trust was created by an Act of Donation dated August 4, 1914.
- *LaHache Music* – Used to account for funds to promote the history of New Orleans musicians and facilitate the development of new musicians and composers.
- *Simon Hersheim* – Used to account for funds for the purpose of purchasing books for the Public Library.

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2017

- *Kiwanis Club Lee Circle Sprinkler System* – Used to maintain and improve the sprinkler system for the beautification and benefit of Lee Circle.
- *Ella West Freeman Foundation* – Used to account for funds to establish and facilitate programs aimed at education, performing and applied arts, community improvement and governmental oversight, and human service organizations with an emphasis on capital projects for established agencies.
- *Isaac Delgado Memorial* – Used to account for funds which will benefit Delgado Community College.
- *John McDonogh School* – Used to account for funds to promote education throughout through the City of New Orleans.
- *Lafayette Cemetery No. 1 Under the Wiley of Lilly Violet* – a bequest to the City to maintain Lafayette Cemetery No. 1.
- *Mahalia Zimmerman* – a bequest to the City to maintain Ms. Zimmerman’s tomb.
- *Mrs. Otto Joachim* – Used to account for funds to promote the study of orchestra music and violinists.
- *Sickles Legacy* – Used to account for funds designated to establish a city dispensary for gratuitous dispensing of medicine and medical advice for the poor.
- *Helen Adler Levy Library* – Used to account for funds for the purpose of the establishment and maintenance of the Helen Adler Levy Memorial Room at the New Orleans Public Library.
- *Housing and Environment Improvements* – Used to improve health, housing and environmental conditions in the City.
- *Indigent Defender* – Used to account for revenues collected for specified traffic violations. These funds are maintained by the Orleans Parish Public Defenders Office.
- *Environmental Disaster Mitigation Revolving Fund* - All revenues collected by the Department of Finance from public or private entities as a result of damage to the environment shall be placed in the fund. Expenditures from the fund shall be used to purchase materials, compensate personnel, obtain services, or offset expenses that may have resulted from said damage.
- *French Quarter Development District* – Used to account for funds collected to fund enhanced security in the French Quarter.
- *Utilities* – All revenues derived from utility settlements and corresponding expenditures.
- *French Quarter Improvement* – All revenues collected by the Department of Finance from the New Orleans Convention and Visitors Bureau shall be only for the repairs, improvements and services within the French Quarter Management District in the following categories: public

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Non-major Governmental Funds

December 31, 2017

safety and law enforcement; quality of life enforcement measures, and violation identification; ticketing and court measures relative to ordinance compliance; sanitation; infrastructure repair of improvements and lighting.

- *Coroner's Office* – Designated for the receipt and accounting of the contributions to the City of New Orleans for funds paid to the Coroner's Office for the fee imposed by the court for defraying the operational expenses of the Coroner's Office.
- *Ad Valorem Property Tax Enforcement Fund* – All revenues collected from property tax enforcement programs such as adjudicated sales and homestead exemption verification activities shall be deposited into this fund. Expenditures from the fund shall be used to fund additional costs related to the specific ad valorem property tax enforcement programs, to administer these programs, and to enhance technology used in ad valorem tax enforcement.
- *Miscellaneous Donations* – Used to account for donations designated to specific City departments.

CITY OF NEW ORLEANS, LOUISIANA
Consolidating Balance Sheet
Non-major Governmental Funds
December 31, 2017
(Amounts in thousands)

Exhibit C-1

| | New Orleans Economic Development | Neighborhood Housing Improvement | Environmental Improvement | American Can | Sex Offender Proprietary Fund | Sidewalk Paving and Repairing | Adopt-a- Pothole Program | Mayor's Office of Tourism and Arts | Mayoral Fellows Program | Music and Entertainment Commission | New Orleans Police Department Crime Prevention |
|---|--|--|------------------------------|-----------------|--|-------------------------------------|--------------------------------|---|-------------------------------|---|--|
| Assets | | | | | | | | | | | |
| Cash | \$ 3,285 | \$ 3,077 | \$ 546 | \$ 926 | \$ 416 | \$ - | \$ - | \$ 563 | \$ - | \$ 105 | \$ 1 |
| Investments | 1,070 | 1,902 | 161 | - | - | 2 | - | - | - | 118 | - |
| Property taxes receivable | 46 | 46 | 2 | - | - | - | - | - | - | - | - |
| Accounts receivable (net, where applicable, of allowances for uncollectibles) | - | - | 43 | - | - | - | - | 92 | - | 2 | - |
| Grantee loans receivable | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 4,401</u> | <u>\$ 5,025</u> | <u>\$ 752</u> | <u>\$ 926</u> | <u>\$ 416</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 655</u> | <u>\$ -</u> | <u>\$ 226</u> | <u>\$ 1</u> |
| Deferred Outflows of Resources | | | | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 4,401</u> | <u>\$ 5,025</u> | <u>\$ 752</u> | <u>\$ 926</u> | <u>\$ 416</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 655</u> | <u>\$ -</u> | <u>\$ 226</u> | <u>\$ 1</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 346 | \$ 418 | \$ - | \$ - | \$ 13 | \$ - | \$ - | \$ 11 | \$ - | \$ 5 | \$ - |
| Accrued liabilities | 1 | 2 | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | 1 | - | - |
| Due to other governments | - | - | - | - | - | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | <u>347</u> | <u>420</u> | <u>-</u> | <u>-</u> | <u>13</u> | <u>-</u> | <u>-</u> | <u>11</u> | <u>1</u> | <u>5</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | | | | | | |
| Unavailable revenue | 231 | 231 | - | - | - | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>231</u> | <u>231</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 3,824 | 4,374 | 751 | 926 | - | - | - | 644 | - | 220 | 1 |
| Assigned | - | - | - | - | - | - | - | - | - | - | - |
| Unassigned | (1) | - | 1 | - | 403 | 2 | - | - | (1) | 1 | - |
| Total fund balances | <u>3,823</u> | <u>4,374</u> | <u>752</u> | <u>926</u> | <u>403</u> | <u>2</u> | <u>-</u> | <u>644</u> | <u>(1)</u> | <u>221</u> | <u>1</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 4,401</u> | <u>\$ 5,025</u> | <u>\$ 752</u> | <u>\$ 926</u> | <u>\$ 416</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 655</u> | <u>\$ -</u> | <u>\$ 226</u> | <u>\$ 1</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2017
 (Amounts in thousands)

Exhibit C-1

| | Asset Seizure | New Orleans Recreation Foundation | New Orleans Recreation Department | New Orleans Film Commission | Vieux Carre' Restoration | Public Library Donations | Plant- a-Tree Campaign | Capital Improvement and Infrastructure | Delgado- Albania Plantation Commission | Edward Wisner | LaHache Music |
|---|------------------|---|---|-----------------------------------|--------------------------------|--------------------------------|------------------------------|---|---|------------------|------------------|
| Assets | | | | | | | | | | | |
| Cash | \$ 914 | \$ 245 | \$ 52 | \$ 120 | \$ 1 | \$ 825 | \$ - | \$ 8,466 | \$ 137 | \$ 2,226 | \$ - |
| Investments | - | - | - | 160 | - | 42 | - | 281 | 1,029 | 2,553 | - |
| Property taxes receivable | - | - | - | - | - | - | - | 93 | - | - | - |
| Accounts receivable (net, where applicable, of allowances for uncollectibles) | - | 1 | - | - | - | - | - | - | 28 | 166 | - |
| Grantee loans receivable | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | 12 | - | - |
| Total assets | <u>\$ 914</u> | <u>\$ 246</u> | <u>\$ 52</u> | <u>\$ 280</u> | <u>\$ 1</u> | <u>\$ 867</u> | <u>\$ -</u> | <u>\$ 8,840</u> | <u>\$ 1,206</u> | <u>\$ 4,945</u> | <u>\$ -</u> |
| Deferred Outflows of Resources | | | | | | | | | | | |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 914</u> | <u>\$ 246</u> | <u>\$ 52</u> | <u>\$ 280</u> | <u>\$ 1</u> | <u>\$ 867</u> | <u>\$ -</u> | <u>\$ 8,840</u> | <u>\$ 1,206</u> | <u>\$ 4,945</u> | <u>\$ -</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | \$ 5 | \$ 2 | \$ - | \$ - | \$ - | \$ - | \$ 121 | \$ 151 | \$ - | \$ 2,735 | \$ - |
| Accrued liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | 185 | - | - | - | - |
| Due to other governments | - | - | - | - | - | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | <u>5</u> | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>306</u> | <u>151</u> | <u>-</u> | <u>2,735</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | | | | | | |
| Unavailable revenue | - | - | - | - | - | - | - | 461 | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>461</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | | | | |
| Nonspendable | - | - | 52 | - | - | 867 | - | - | - | - | - |
| Restricted | - | 244 | - | - | 1 | - | - | - | - | 2,210 | - |
| Committed | 909 | - | - | 280 | - | - | (306) | 8,229 | 1,206 | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | (1) | - | - | - |
| Total fund balances | <u>909</u> | <u>244</u> | <u>52</u> | <u>280</u> | <u>1</u> | <u>867</u> | <u>(306)</u> | <u>8,228</u> | <u>1,206</u> | <u>2,210</u> | <u>-</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 914</u> | <u>\$ 246</u> | <u>\$ 52</u> | <u>\$ 280</u> | <u>\$ 1</u> | <u>\$ 867</u> | <u>\$ -</u> | <u>\$ 8,840</u> | <u>\$ 1,206</u> | <u>\$ 4,945</u> | <u>\$ -</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Consolidating Balance Sheet
Non-major Governmental Funds
December 31, 2017
(Amounts in thousands)

Exhibit C-1

| | Simon Hersheim | Kiwanis Club Lee Circle Sprinkler System | Ella West Freeman Foundation | Isaac Delgado Memorial | John McDonogh School | Lafayette Cemetery No. 1 Under Will of Lilly Violet | Mahalia Zimmerman Tomb | Mrs. Otto Joachim | Sickles Legacy | Helen Adler Levy Library | Housing and Environment Improvement | Indigent Defender |
|---|-------------------|--|------------------------------------|------------------------------|----------------------------|---|------------------------------|-------------------------|-------------------|-----------------------------------|--|----------------------|
| Assets | | | | | | | | | | | | |
| Cash | \$ 2 | \$ 5 | \$ 4 | \$ 337 | \$ - | \$ 19 | \$ 3 | \$ 1 | \$ 1 | \$ 1 | \$ 8,451 | \$ 75 |
| Investments | 80 | - | 4 | 217 | 6 | 2 | - | - | 313 | 21 | - | - |
| Property taxes receivable | - | - | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable (net, where applicable, of allowances for uncollectibles) | - | - | - | - | - | - | - | - | - | - | 386 | 265 |
| Grantee loans receivable | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 82 | \$ 5 | \$ 8 | \$ 554 | \$ 6 | \$ 21 | \$ 3 | \$ 1 | \$ 314 | \$ 22 | \$ 8,837 | \$ 340 |
| Deferred Outflows of Resources | | | | | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 82 | \$ 5 | \$ 8 | \$ 554 | \$ 6 | \$ 21 | \$ 3 | \$ 1 | \$ 314 | \$ 22 | \$ 8,837 | \$ 340 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 407 | \$ 75 |
| Accrued liabilities | - | - | - | - | - | - | - | - | - | - | 3 | - |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Due to other governments | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid Taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - | - | - | - | - | 410 | 75 |
| Deferred inflows of resources: | | | | | | | | | | | | |
| Unavailable revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - | - | - | - | - | - | - |
| Fund balances: | | | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted | 82 | 5 | 8 | 554 | 7 | 21 | 3 | 1 | 314 | 22 | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - | 8,427 | 265 |
| Assigned | - | - | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | (1) | - | - | - | - | - | - | - |
| Total fund balances | 82 | 5 | 8 | 554 | 6 | 21 | 3 | 1 | 314 | 22 | 8,427 | 265 |
| Total liabilities, deferred inflows, and fund balances | \$ 82 | \$ 5 | \$ 8 | \$ 554 | \$ 6 | \$ 21 | \$ 3 | \$ 1 | \$ 314 | \$ 22 | \$ 8,837 | \$ 340 |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Consolidating Balance Sheet
 Non-major Governmental Funds
 December 31, 2017
 (Amounts in thousands)

Exhibit C-1

| | French Quarter | | | French Quarter Improvement | Coroner's Office | Ad Valorem Property Tax | Miscellaneous Donations | Other | Grant Recipient Funds | Total |
|---|------------------------|-------------------------|---------------|----------------------------------|---------------------|----------------------------|----------------------------|---------------|-----------------------------|------------------|
| | Disaster Mitigation | Development District | Utilities | | | | | | | |
| Assets | | | | | | | | | | |
| Cash | \$ 320 | \$ 1,297 | \$ 901 | \$ 1,306 | \$ 105 | \$ 708 | \$ 715 | \$ 11 | \$ 10,519 | \$ 46,686 |
| Investments | - | - | - | - | - | - | - | 163 | - | 8,124 |
| Property taxes receivable | - | - | - | - | - | - | - | - | - | 187 |
| Accounts receivable (net, where applicable, of allowances for uncollectibles) | - | - | - | 681 | 1 | 22 | - | - | 62 | 1,750 |
| Grantee loans receivable | - | - | - | - | - | - | - | - | 299 | 299 |
| Due from other funds | - | - | - | - | - | - | - | - | 173 | 173 |
| Due from other governments | - | - | - | - | - | - | - | - | 5,456 | 5,456 |
| Other assets | - | - | - | - | - | - | - | - | - | 12 |
| Total assets | \$ 320 | \$ 1,297 | \$ 901 | \$ 1,987 | \$ 106 | \$ 730 | \$ 715 | \$ 174 | \$ 16,509 | \$ 62,687 |
| Deferred Outflows of Resources | | | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 320 | \$ 1,297 | \$ 901 | \$ 1,987 | \$ 106 | \$ 730 | \$ 715 | \$ 174 | \$ 16,509 | \$ 62,687 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ - | \$ 1,794 | \$ - | \$ - | \$ 6 | \$ - | \$ - | \$ - | \$ 12,490 | 18,579 |
| Accrued liabilities | - | - | - | - | - | - | - | - | 1,937 | 1,943 |
| Due to other funds | - | - | - | - | - | - | - | - | 6,514 | 6,700 |
| Due to other governments | - | - | - | - | - | - | - | - | 687 | 687 |
| Advances from other funds | - | - | - | - | - | - | - | - | - | - |
| Prepaid Taxes | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | 1,794 | - | - | 6 | - | - | - | 21,628 | 27,909 |
| Deferred inflows of resources: | | | | | | | | | | |
| Unavailable revenue | - | - | - | - | - | - | - | - | 1,772 | 2,695 |
| Total deferred inflows of resources | - | - | - | - | - | - | - | - | 1,772 | 2,695 |
| Fund balances: | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | 167 | - | 1,086 |
| Restricted | - | - | 901 | 1,988 | - | - | - | 7 | - | 6,368 |
| Committed | 320 | (497) | - | - | 100 | 729 | - | - | - | 30,402 |
| Assigned | - | - | - | - | - | - | 715 | - | - | 715 |
| Unassigned | - | - | - | (1) | - | 1 | - | - | (6,891) | (6,488) |
| Total fund balances | 320 | (497) | 901 | 1,987 | 100 | 730 | 715 | 174 | (6,891) | 32,083 |
| Total liabilities, deferred inflows, and fund balances | \$ 320 | \$ 1,297 | \$ 901 | \$ 1,987 | \$ 106 | \$ 730 | \$ 715 | \$ 174 | \$ 16,509 | \$ 62,687 |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017
(Amounts in thousands)

Exhibit C-2

| | New Orleans Economic Development | Neighborhood Housing Improvement | Environmental Improvement | American Can | Sex Offender Proprietary Fund | Sidewalk Paving and Repairing | Adopt-a- Pothole Program | Mayor's Office of Tourism and Arts |
|---|--|--|------------------------------|-----------------|--|-------------------------------------|--------------------------------|---|
| Revenues: | | | | | | | | |
| Taxes | \$ 3,133 | \$ 3,133 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charge for services | - | - | - | - | - | - | - | - |
| Program income | - | 70 | - | - | - | - | - | - |
| Fines and forfeits | - | - | 200 | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - |
| Interest income | - | - | - | 14 | - | - | - | - |
| Contributions, gifts, and donations | - | - | - | - | - | - | - | 236 |
| Miscellaneous | - | - | - | - | 24 | 2 | - | - |
| Total revenues | <u>3,133</u> | <u>3,203</u> | <u>200</u> | <u>14</u> | <u>24</u> | <u>2</u> | <u>-</u> | <u>236</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | 93 |
| Public safety | - | - | - | - | 25 | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Health and human services | - | - | 13 | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Urban development and housing | - | - | - | - | - | - | - | - |
| Economic development and assistance | 3,132 | 2,482 | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | |
| Principal | - | - | - | 400 | - | - | - | - |
| Interest | - | - | - | 40 | - | - | - | - |
| Total expenditures | <u>3,132</u> | <u>2,482</u> | <u>13</u> | <u>440</u> | <u>25</u> | <u>-</u> | <u>-</u> | <u>93</u> |
| Excess (deficiency) of revenue over expenditures | 1 | 721 | 187 | (426) | (1) | 2 | - | 143 |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Net change in fund balance | 1 | 721 | 187 | (426) | (1) | 2 | - | 143 |
| Fund balances – beginning of year | 3,822 | 3,653 | 438 | 1,352 | 404 | - | - | 501 |
| Prior period adjustments | - | - | 127 | - | - | - | - | - |
| Fund balances – beginning of year, as restated | 3,822 | 3,653 | 565 | 1,352 | 404 | - | - | 501 |
| Fund balances (deficit) – end of year | <u>\$ 3,823</u> | <u>\$ 4,374</u> | <u>\$ 752</u> | <u>\$ 926</u> | <u>\$ 403</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 644</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017
(Amounts in thousands)

Exhibit C-2

| | Mayoral Fellows Program | Music and Entertainment Commission | New Orleans Police Department - Crime Prevention | Asset Seizure | New Orleans Recreation Foundation | New Orleans Recreation Department | New Orleans Film Commission | Vieux Carre' Restoration |
|---|-------------------------------|---|--|------------------|---|---|-----------------------------------|--------------------------------|
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charge for services | - | - | - | - | - | - | - | - |
| Program income | - | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - |
| Interest income | - | 1 | - | - | - | - | 2 | - |
| Contributions, gifts, and donations | 1,561 | 101 | - | - | 501 | - | 100 | - |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Total revenues | <u>1,561</u> | <u>102</u> | <u>-</u> | <u>-</u> | <u>501</u> | <u>-</u> | <u>102</u> | <u>-</u> |
| Expenditures: | | | | | | | | |
| General government | 535 | 123 | - | - | - | - | 97 | - |
| Public safety | - | - | - | 473 | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | 51 | - | - | - |
| Urban development and housing | - | - | - | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | 205 | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Total expenditures | <u>535</u> | <u>123</u> | <u>-</u> | <u>473</u> | <u>256</u> | <u>-</u> | <u>97</u> | <u>-</u> |
| Excess (deficiency) of revenue over expenditures | 1,026 | (21) | - | (473) | 245 | - | 5 | - |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>1,026</u> | <u>(21)</u> | <u>-</u> | <u>(473)</u> | <u>245</u> | <u>-</u> | <u>5</u> | <u>-</u> |
| Fund balances – beginning of year | (1,027) | 242 | 1 | 1,382 | (1) | 52 | 275 | 1 |
| Prior period adjustments | - | - | - | - | - | - | - | - |
| Fund balances – beginning of year, as restated | <u>(1,027)</u> | <u>242</u> | <u>1</u> | <u>1,382</u> | <u>(1)</u> | <u>52</u> | <u>275</u> | <u>1</u> |
| Fund balances (deficit) – end of year | <u>\$ (1)</u> | <u>\$ 221</u> | <u>\$ 1</u> | <u>\$ 909</u> | <u>\$ 244</u> | <u>\$ 52</u> | <u>\$ 280</u> | <u>\$ 1</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017
(Amounts in thousands)

Exhibit C-2

| | Public Library Donations | Plant- A-Tree Campaign | Capital Improvement and Infrastructure | Delgado- Albania Plantation Commission | Edward Wisner | LaHache Music | Simon Hersheim | Kiwanis Club Lee Circle Sprinkler System |
|---|--------------------------------|------------------------------|---|---|------------------|------------------|-------------------|--|
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 6,268 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charge for services | - | - | - | - | - | - | - | - |
| Program income | - | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - |
| Fees | - | - | 3 | 11 | 25 | - | 1 | - |
| Interest income | - | - | - | - | 2,125 | - | - | - |
| Contributions, gifts, and donations | - | 181 | - | - | - | - | - | - |
| Miscellaneous | 130 | - | - | 193 | - | - | - | - |
| Total revenues | <u>130</u> | <u>181</u> | <u>6,271</u> | <u>204</u> | <u>2,150</u> | <u>-</u> | <u>1</u> | <u>-</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | 1,200 | 1,500 | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - | - |
| Culture and recreation | 130 | 379 | - | - | 6,062 | - | - | - |
| Urban development and housing | - | - | - | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Total expenditures | <u>130</u> | <u>379</u> | <u>1,200</u> | <u>1,500</u> | <u>6,062</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenue over expenditures | - | (198) | 5,071 | (1,296) | (3,912) | - | 1 | - |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | (3,852) | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(3,852)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>(198)</u> | <u>1,219</u> | <u>(1,296)</u> | <u>(3,912)</u> | <u>-</u> | <u>1</u> | <u>-</u> |
| Fund balances – beginning of year | 866 | (110) | 7,012 | 2,502 | 6,122 | - | 81 | 5 |
| Prior period adjustments | 1 | 2 | (3) | - | - | - | - | - |
| Fund balances – beginning of year, as restated | <u>867</u> | <u>(108)</u> | <u>7,009</u> | <u>2,502</u> | <u>6,122</u> | <u>-</u> | <u>81</u> | <u>5</u> |
| Fund balances (deficit) – end of year | <u>\$ 867</u> | <u>\$ (306)</u> | <u>\$ 8,228</u> | <u>\$ 1,206</u> | <u>\$ 2,210</u> | <u>\$ -</u> | <u>\$ 82</u> | <u>\$ 5</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017
(Amounts in thousands)

Exhibit C-2

| | Ella West Freeman Foundation | Isaac Delgado Memorial | John McDonogh School | Lafayette Cemetery No. 1 Under Will of Lilly Violet | Mahalia Zimmerman Tomb | Mrs. Otto Joachim | Sickles Legacy | Helen Adler Levy Library |
|---|------------------------------------|------------------------------|----------------------------|---|------------------------------|----------------------|-------------------|-----------------------------------|
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charge for services | - | - | - | - | - | - | - | - |
| Program income | - | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - |
| Fees | - | - | - | - | - | - | - | - |
| Interest income | - | 2 | - | - | - | - | 3 | - |
| Contributions, gifts, and donations | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3</u> | <u>-</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Urban development and housing | - | - | - | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenue over expenditures | - | 2 | - | - | - | - | 3 | - |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3</u> | <u>-</u> |
| Fund balances – beginning of year | 8 | 552 | 6 | 21 | 3 | 1 | 311 | 24 |
| Prior period adjustments | - | - | - | - | - | - | - | (2) |
| Fund balances – beginning of year, as restated | <u>8</u> | <u>552</u> | <u>6</u> | <u>21</u> | <u>3</u> | <u>1</u> | <u>311</u> | <u>22</u> |
| Fund balances (deficit) – end of year | <u>\$ 8</u> | <u>\$ 554</u> | <u>\$ 6</u> | <u>\$ 21</u> | <u>\$ 3</u> | <u>\$ 1</u> | <u>\$ 314</u> | <u>\$ 22</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017
(Amounts in thousands)

Exhibit C-2

| | Housing and Environment Improvement | Indigent Defender | Disaster Mitigation | French Quarter Development District | Utilities | French Quarter Improvement | Coroner's Office | Ad Valorem Property Tax |
|---|--|----------------------|------------------------|---|---------------|----------------------------------|---------------------|----------------------------|
| Revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 2,809 | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Charge for services | - | - | - | - | - | - | - | - |
| Program income | 12 | - | - | - | - | - | - | - |
| Fines and forfeits | 3,991 | 1,235 | - | - | - | - | 25 | - |
| Fees | - | - | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | - | - | - |
| Contributions, gifts, and donations | - | - | - | 2,000 | - | - | - | - |
| Miscellaneous | 19 | - | - | - | - | 1,604 | - | 206 |
| Total revenues | <u>4,022</u> | <u>1,235</u> | <u>-</u> | <u>4,809</u> | <u>-</u> | <u>1,604</u> | <u>25</u> | <u>206</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | 1,019 | - | 5,927 | - | - | - | 132 |
| Public works | - | - | - | - | - | 322 | - | - |
| Health and human services | - | - | - | - | - | - | 70 | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Urban development and housing | 2,114 | - | - | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Total expenditures | <u>2,114</u> | <u>1,019</u> | <u>-</u> | <u>5,927</u> | <u>-</u> | <u>322</u> | <u>70</u> | <u>132</u> |
| Excess (deficiency) of revenue over expenditures | 1,908 | 216 | - | (1,118) | - | 1,282 | (45) | 74 |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | - | - | - | 500 | - | - | - | - |
| Operating transfers out | - | - | - | - | - | (500) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>500</u> | <u>-</u> | <u>(500)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>1,908</u> | <u>216</u> | <u>-</u> | <u>(618)</u> | <u>-</u> | <u>782</u> | <u>(45)</u> | <u>74</u> |
| Fund balances – beginning of year | 6,508 | 49 | 320 | 121 | 901 | 1,205 | 145 | 656 |
| Prior period adjustments | 11 | - | - | - | - | - | - | - |
| Fund balances – beginning of year, as restated | <u>6,519</u> | <u>49</u> | <u>320</u> | <u>121</u> | <u>901</u> | <u>1,205</u> | <u>145</u> | <u>656</u> |
| Fund balances (deficit) – end of year | <u>\$ 8,427</u> | <u>\$ 265</u> | <u>\$ 320</u> | <u>\$ (497)</u> | <u>\$ 901</u> | <u>\$ 1,987</u> | <u>\$ 100</u> | <u>\$ 730</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
December 31, 2017
(Amounts in thousands)

Exhibit C-2

| | Miscellaneous Donations | Other | Grant Recipient Funds | Total |
|---|----------------------------|---------------|-----------------------------|------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 15,343 |
| Intergovernmental | - | - | 30,803 | 30,803 |
| Charge for services | - | - | 48 | 48 |
| Program income | - | - | 350 | 432 |
| Fines and forfeits | - | - | 13 | 5,464 |
| Fees | - | - | - | - |
| Interest income | - | 2 | - | 64 |
| Contributions, gifts, and donations | - | - | - | 6,805 |
| Miscellaneous | - | - | - | 2,178 |
| Total revenues | <u>-</u> | <u>2</u> | <u>31,214</u> | <u>61,137</u> |
| Expenditures: | | | | |
| General government | - | - | 13,287 | 16,835 |
| Public safety | - | - | 1,506 | 9,082 |
| Public works | - | - | 1,926 | 2,248 |
| Health and human services | 10 | - | 15,237 | 15,330 |
| Culture and recreation | - | - | - | 6,622 |
| Urban development and housing | - | - | 889 | 3,003 |
| Economic development and assistance | - | - | 4,681 | 10,295 |
| Capital outlays | - | - | 15 | 220 |
| Debt service | - | - | - | - |
| Principal | - | - | - | 400 |
| Interest | - | - | - | 40 |
| Total expenditures | <u>10</u> | <u>-</u> | <u>37,541</u> | <u>64,075</u> |
| Excess (deficiency) of revenue over expenditures | (10) | 2 | (6,327) | (2,938) |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | - | - | 500 |
| Operating transfers out | - | - | - | (4,352) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,852)</u> |
| Net change in fund balance | <u>(10)</u> | <u>2</u> | <u>(6,327)</u> | <u>(6,790)</u> |
| Fund balances – beginning of year | 725 | 172 | (398) | 38,903 |
| Prior period adjustments | - | - | (166) | (30) |
| Fund balances – beginning of year, as restated | <u>725</u> | <u>172</u> | <u>(564)</u> | <u>38,873</u> |
| Fund balances (deficit) – end of year | <u>\$ 715</u> | <u>\$ 174</u> | <u>\$ (6,891)</u> | <u>\$ 32,083</u> |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2017
 (Amounts in thousands)

Exhibit C-3

| | Federal Department of Interior | Federal UDAG | Louisiana Office of Community Development | Federal Justice Administration | FDJ Office of Justice Program | Federal Department of Health | Department of Defense | Federal Department of Commerce |
|---|---|-----------------|--|--------------------------------------|--|---------------------------------------|-----------------------------|---|
| Assets | | | | | | | | |
| Cash | \$ 1 | \$ 3,893 | \$ - | \$ - | \$ - | \$ - | \$ 25 | \$ - |
| Accounts Receivable | - | 7 | - | - | - | - | - | - |
| Grantee Loans | - | 299 | - | - | - | - | - | - |
| Due from other funds | - | - | 86 | - | - | 60 | - | - |
| Due from other governments | - | - | 436 | 128 | 89 | 4,223 | - | - |
| Total assets | <u>1</u> | <u>4,199</u> | <u>522</u> | <u>128</u> | <u>89</u> | <u>4,283</u> | <u>25</u> | <u>-</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | - | 110 | 589 | 13 | 85 | 4,403 | - | - |
| Accrued liability | - | - | 1,917 | - | 2 | 8 | - | - |
| Due to other funds | - | - | 3,182 | 99 | 117 | 2,329 | - | - |
| Due to other governments | - | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>110</u> | <u>5,688</u> | <u>112</u> | <u>204</u> | <u>6,740</u> | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable revenues | - | - | - | - | - | 1,671 | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,671</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | 1 | 4,089 | (5,166) | 16 | (115) | (4,128) | 25 | - |
| Total fund balances | <u>1</u> | <u>4,089</u> | <u>(5,166)</u> | <u>16</u> | <u>(115)</u> | <u>(4,128)</u> | <u>25</u> | <u>-</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 1</u> | <u>\$ 4,199</u> | <u>\$ 522</u> | <u>\$ 128</u> | <u>\$ 89</u> | <u>\$ 4,283</u> | <u>\$ 25</u> | <u>\$ -</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2017
 (Amounts in thousands)

Exhibit C-3

| | Department of Economic Development | Federal Department of Energy | Federal Department of Agriculture | LHS LA Highway Safety Commission | Louisiana Commission on Law Enforcement | Department of Health and Human Resources | Environmental Protection Agency | Louisiana Department of Public Safety |
|---|---|---------------------------------------|--|--|--|---|---------------------------------------|--|
| Assets | | | | | | | | |
| Cash | \$ 19 | \$ 75 | \$ 978 | \$ 26 | \$ - | \$ - | \$ 180 | \$ - |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Grantee Loans | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | 60 | 120 | - | - |
| Total assets | <u>19</u> | <u>75</u> | <u>978</u> | <u>26</u> | <u>60</u> | <u>120</u> | <u>180</u> | <u>-</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | - | - | - | - | 7 | 91 | - | - |
| Accrued liability | - | - | - | - | 3 | 1 | - | 4 |
| Due to other funds | - | - | - | - | 99 | 52 | - | 71 |
| Due to other governments | - | 4 | - | - | 394 | - | - | - |
| Total liabilities | <u>-</u> | <u>4</u> | <u>-</u> | <u>-</u> | <u>503</u> | <u>144</u> | <u>-</u> | <u>75</u> |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable revenues | - | - | - | - | - | 17 | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | 19 | 71 | 978 | 26 | (443) | (41) | 180 | (75) |
| Total fund balances | <u>19</u> | <u>71</u> | <u>978</u> | <u>26</u> | <u>(443)</u> | <u>(41)</u> | <u>180</u> | <u>(75)</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 19</u> | <u>\$ 75</u> | <u>\$ 978</u> | <u>\$ 26</u> | <u>\$ 60</u> | <u>\$ 120</u> | <u>\$ 180</u> | <u>\$ -</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
 Consolidating Balance Sheet
 Non-major Grant Recipient Funds
 December 31, 2017
 (Amounts in thousands)

Exhibit C-3

| | Louisiana Department of Education | Louisiana Department of Agriculture and Forestry | Department of Culture, Recreation, and Tourism | Department of Labor | Department of Natural Resources | Traffic Court | Private Grants | Federal Department of Homeland Security |
|---|--|---|---|---------------------------|---------------------------------------|------------------|-------------------|--|
| Assets | | | | | | | | |
| Cash | \$ 5 | \$ 109 | \$ 2 | \$ - | \$ 112 | \$ 289 | \$ 4,615 | \$ - |
| Accounts Receivable | - | - | - | - | - | - | 55 | - |
| Grantee Loans | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | 27 | - |
| Due from other governments | - | - | - | 379 | - | - | 10 | - |
| Total assets | <u>5</u> | <u>109</u> | <u>2</u> | <u>379</u> | <u>112</u> | <u>289</u> | <u>4,707</u> | <u>-</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | - | - | - | 810 | 3 | - | 6,254 | - |
| Accrued liability | - | - | - | 2 | - | - | - | - |
| Due to other funds | - | - | - | 101 | - | - | 66 | 50 |
| Due to other governments | - | - | - | - | - | 289 | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>913</u> | <u>3</u> | <u>289</u> | <u>6,320</u> | <u>50</u> |
| Deferred Inflows of Resources | | | | | | | | |
| Unavailable revenues | - | - | - | 84 | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>84</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | 5 | 109 | 2 | (618) | 109 | - | (1,613) | (50) |
| Total fund balances | <u>5</u> | <u>109</u> | <u>2</u> | <u>(618)</u> | <u>109</u> | <u>-</u> | <u>(1,613)</u> | <u>(50)</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 5</u> | <u>\$ 109</u> | <u>\$ 2</u> | <u>\$ 379</u> | <u>\$ 112</u> | <u>\$ 289</u> | <u>\$ 4,707</u> | <u>\$ -</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Consolidating Balance Sheet
Non-major Grant Recipient Funds
December 31, 2017
(Amounts in thousands)

Exhibit C-3

| | Federal Department of Social Service | Louisiana Military Department | Federal American Recovery Act | Federal Transportation Authority | FHWA Federal Highway Commission | National Endowments for the Arts | Total |
|---|---|-------------------------------------|--|--|--|---|------------------|
| Assets | | | | | | | |
| Cash | \$ - | \$ - | \$ 190 | \$ - | \$ - | \$ - | \$ 10,519 |
| Accounts Receivable | - | - | - | - | - | - | 62 |
| Grantee Loans | - | - | - | - | - | - | 299 |
| Due from other funds | - | - | - | - | - | - | 173 |
| Due from other governments | - | - | - | - | 11 | - | 5,456 |
| Total assets | <u>-</u> | <u>-</u> | <u>190</u> | <u>-</u> | <u>11</u> | <u>-</u> | <u>16,509</u> |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | - | - | 15 | 86 | 24 | - | 12,490 |
| Accrued liability | - | - | - | - | - | - | 1,937 |
| Due to other funds | 14 | 67 | - | 254 | 13 | - | 6,514 |
| Due to other governments | - | - | - | - | - | - | 687 |
| Total liabilities | <u>14</u> | <u>67</u> | <u>15</u> | <u>340</u> | <u>37</u> | <u>-</u> | <u>21,628</u> |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenues | - | - | - | - | - | - | 1,772 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,772</u> |
| Fund balances: | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | (14) | (67) | 175 | (340) | (26) | - | (6,891) |
| Total fund balances | <u>(14)</u> | <u>(67)</u> | <u>175</u> | <u>(340)</u> | <u>(26)</u> | <u>-</u> | <u>(6,891)</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 190</u> | <u>\$ -</u> | <u>\$ 11</u> | <u>\$ -</u> | <u>\$ 16,509</u> |

See accompanying independent
auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Grant Recipient Funds
(Amounts in thousands)

Exhibit C-4

| | Federal Department of Interior | Federal UDAG | Louisiana Office of Community Development | Federal Justice Administration | FDJ Office of Justice Program | Federal Department of Health | Department of Defense | Federal Department of Commerce |
|--|---|-----------------|--|--------------------------------------|--|------------------------------------|-----------------------------|---|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 5,832 | \$ 1,191 | \$ 619 | \$ 9,593 | \$ - | \$ - |
| Program income | - | 8 | 58 | - | - | 284 | - | - |
| Fines and forfeits | - | - | 48 | - | - | - | - | - |
| Interest income | - | 13 | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>21</u> | <u>5,938</u> | <u>1,191</u> | <u>619</u> | <u>9,877</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | | | | |
| General government | - | - | 3,682 | 73 | 162 | 25 | - | - |
| Public safety | - | - | - | 839 | 219 | - | - | - |
| Public works | - | 67 | - | - | - | - | - | - |
| Health and human services | - | - | - | 257 | 211 | 13,124 | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Urban Development | - | 65 | 775 | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>132</u> | <u>4,457</u> | <u>1,169</u> | <u>592</u> | <u>13,149</u> | <u>-</u> | <u>-</u> |
| (Deficiency) excess of revenues over expenditures | <u>-</u> | <u>(111)</u> | <u>1,481</u> | <u>22</u> | <u>27</u> | <u>(3,272)</u> | <u>-</u> | <u>-</u> |
| Other financing uses: | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>(111)</u> | <u>1,481</u> | <u>22</u> | <u>27</u> | <u>(3,272)</u> | <u>-</u> | <u>-</u> |
| Fund balances – beginning of year | <u>1</u> | <u>4,366</u> | <u>(6,647)</u> | <u>(6)</u> | <u>(142)</u> | <u>(856)</u> | <u>25</u> | <u>-</u> |
| Prior period adjustments | <u>-</u> | <u>(166)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances – beginning of year, as restated | <u>1</u> | <u>4,200</u> | <u>(6,647)</u> | <u>(6)</u> | <u>(142)</u> | <u>(856)</u> | <u>25</u> | <u>-</u> |
| Fund balances (deficit) – end of year | <u>\$ 1</u> | <u>\$ 4,089</u> | <u>\$ (5,166)</u> | <u>\$ 16</u> | <u>\$ (115)</u> | <u>\$ (4,128)</u> | <u>\$ 25</u> | <u>\$ -</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Grant Recipient Funds
(Amounts in thousands)

Exhibit C-4

| | Department of Economic Development | Federal Energy Grant | Federal Department of Agriculture | Louisiana Commission on Law Enforcement | Department of Health and Human Resources | Environmental Protection Agency | Louisiana Department of Public Safety |
|--|---|----------------------------|--|--|---|---------------------------------------|--|
| Revenues: | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 284 | \$ 716 | \$ 890 | \$ 115 |
| Program income | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>284</u> | <u>716</u> | <u>890</u> | <u>115</u> |
| Expenditures: | | | | | | | |
| General government | - | - | - | 52 | 47 | 907 | - |
| Public safety | - | - | - | 226 | - | - | 106 |
| Public works | - | - | - | - | - | - | - |
| Health and human services | - | - | - | 21 | 807 | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Urban Development | - | - | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>299</u> | <u>854</u> | <u>907</u> | <u>106</u> |
| (Deficiency) excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15)</u> | <u>(138)</u> | <u>(17)</u> | <u>9</u> |
| Other financing uses: | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15)</u> | <u>(138)</u> | <u>(17)</u> | <u>9</u> |
| Fund balances – beginning of year | <u>19</u> | <u>71</u> | <u>978</u> | <u>(428)</u> | <u>97</u> | <u>197</u> | <u>(84)</u> |
| Prior period adjustments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances – beginning of year, as restated | <u>19</u> | <u>71</u> | <u>978</u> | <u>(428)</u> | <u>97</u> | <u>197</u> | <u>(84)</u> |
| Fund balances (deficit) – end of year | <u>\$ 19</u> | <u>\$ 71</u> | <u>\$ 978</u> | <u>\$ (443)</u> | <u>\$ (41)</u> | <u>\$ 180</u> | <u>\$ (75)</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Grant Recipient Funds
(Amounts in thousands)

Exhibit C-4

| | Louisiana Department of Education | Louisiana Department of Agriculture and Forestry | Department of Culture, Recreation and Tourism | LA Highway Safety Commission | Department of Labor | Department of Natural Resources | Traffic Court |
|--|--|---|--|------------------------------------|---------------------------|---------------------------------------|------------------|
| Revenues: | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 26 | \$ 4,976 | \$ 17 | \$ - |
| Program income | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>26</u> | <u>4,976</u> | <u>17</u> | <u>-</u> |
| Expenditures: | | | | | | | |
| General government | - | - | - | - | 203 | 29 | - |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Health and human services | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Urban Development | - | - | - | - | - | - | - |
| Economic development and assistance | - | - | - | - | 4,661 | - | - |
| Capital outlays | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,864</u> | <u>29</u> | <u>-</u> |
| (Deficiency) excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>26</u> | <u>112</u> | <u>(12)</u> | <u>-</u> |
| Other financing uses: | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>26</u> | <u>112</u> | <u>(12)</u> | <u>-</u> |
| Fund balances – beginning of year | <u>5</u> | <u>109</u> | <u>2</u> | <u>-</u> | <u>(730)</u> | <u>121</u> | <u>-</u> |
| Prior period adjustments | - | - | - | - | - | - | - |
| Fund balances – beginning of year, as restated | <u>5</u> | <u>109</u> | <u>2</u> | <u>-</u> | <u>(730)</u> | <u>121</u> | <u>-</u> |
| Fund balances (deficit) – end of year | <u>\$ 5</u> | <u>\$ 109</u> | <u>\$ 2</u> | <u>\$ 26</u> | <u>\$ (618)</u> | <u>\$ 109</u> | <u>\$ -</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Grant Recipient Funds
(Amounts in thousands)

Exhibit C-4

| | Private Grants | Federal Department of Homeland Security | Federal Department of Social Service | Louisiana Military Department | Federal American Recovery Act | Federal Transportation Authority | FHWA Federal Highway Commission |
|--|-------------------|--|---|-------------------------------------|--|--|--|
| Revenues: | | | | | | | |
| Intergovernmental | \$ 6,226 | \$ 50 | \$ 195 | \$ 45 | \$ - | \$ - | \$ 28 |
| Program income | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | - | - |
| Total revenues | <u>6,226</u> | <u>50</u> | <u>195</u> | <u>45</u> | <u>-</u> | <u>-</u> | <u>28</u> |
| Expenditures: | | | | | | | |
| General government | 7,577 | 51 | - | 140 | 118 | 221 | - |
| Public safety | 116 | - | - | - | - | - | - |
| Public works | 1,859 | - | - | - | - | - | - |
| Health and human services | 763 | - | - | - | - | - | 54 |
| Culture and recreation | - | - | - | - | - | - | - |
| Urban Development | - | - | 49 | - | - | - | - |
| Economic development and assistance | 20 | - | - | - | - | - | - |
| Capital outlays | 15 | - | - | - | - | - | - |
| Total expenditures | <u>10,350</u> | <u>51</u> | <u>49</u> | <u>140</u> | <u>118</u> | <u>221</u> | <u>54</u> |
| (Deficiency) excess of revenues over expenditures | <u>(4,124)</u> | <u>(1)</u> | <u>146</u> | <u>(95)</u> | <u>(118)</u> | <u>(221)</u> | <u>(26)</u> |
| Other financing uses: | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>(4,124)</u> | <u>(1)</u> | <u>146</u> | <u>(95)</u> | <u>(118)</u> | <u>(221)</u> | <u>(26)</u> |
| Fund balances – beginning of year | <u>2,511</u> | <u>(49)</u> | <u>(160)</u> | <u>28</u> | <u>293</u> | <u>(119)</u> | <u>-</u> |
| Prior period adjustments | - | - | - | - | - | - | - |
| Fund balances – beginning of year, as restated | <u>2,511</u> | <u>(49)</u> | <u>(160)</u> | <u>28</u> | <u>293</u> | <u>(119)</u> | <u>-</u> |
| Fund balances (deficit) – end of year | <u>\$ (1,613)</u> | <u>\$ (50)</u> | <u>\$ (14)</u> | <u>\$ (67)</u> | <u>\$ 175</u> | <u>\$ (340)</u> | <u>\$ (26)</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Grant Recipient Funds
(Amounts in thousands)

Exhibit C-4

| | National Endowments for the Arts | Total |
|--|---|------------|
| Revenues: | | |
| Intergovernmental | \$ - | \$ 30,803 |
| Program income | - | 350 |
| Fines and forfeits | - | 48 |
| Interest income | - | 13 |
| Total revenues | - | 31,214 |
| Expenditures: | | |
| General government | - | 13,287 |
| Public safety | - | 1,506 |
| Public works | - | 1,926 |
| Health and human services | - | 15,237 |
| Culture and recreation | - | - |
| Urban Development | - | 889 |
| Economic development and assistance | - | 4,681 |
| Capital outlays | - | 15 |
| Total expenditures | - | 37,541 |
| (Deficiency) excess of revenues over expenditures | - | (6,327) |
| Other financing uses: | | |
| Transfers in | - | - |
| Transfers out | - | - |
| Total other financing uses | - | - |
| Net change in fund balance | - | (6,327) |
| Fund balances – beginning of year | - | (398) |
| Prior period adjustments | - | (166) |
| Fund balances – beginning of year, as restated | - | (564) |
| Fund balances (deficit) – end of year | \$ - | \$ (6,891) |

See accompanying independent auditors' report.

FIDUCIARY FUNDS

CITY OF NEW ORLEANS, LOUISIANA

Combining Financial Statements

Fiduciary Funds
December 31, 2017

Pension trust funds are used to account for the accumulation of resources to be used for retirement annuities and death and disability benefits for employees covered by the various plans. Resources are contributed by employees at fixed rates by laws and by the City at amounts determined by actuarial studies.

Agency funds are used to account for all monies held by the City in a custodial capacity. Such monies are recorded as assets and equally offset by liabilities. These funds do not measure revenues, expenditures, or expenses. The City's agency funds are as follows:

- *Clearing Fund* – Used to account for money being held pending payment thereof to other funds as provided by law.
- *Deposit Fund* – Used to account for money deposited under any ordinance or contract in connection with the exercise of any right or privilege for the purpose of guaranteeing performance of any obligation.
- *Escrow Fund* – Used to account for money paid to or deposited with any officer, department, or board under protest or held subject to the proper determination of the rights of the City.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2017
(Amounts in thousands)

| Assets | Firefighters' | | Police old system | Employees' retirement system | Total |
|--|-----------------|------------------|----------------------|------------------------------------|-------------------|
| | Old system | New system | | | |
| Current assets: | | | | | |
| Cash | \$ 144 | \$ 757 | \$ 90 | \$ 208 | \$ 1,199 |
| Investments: | | | | | |
| Cash equivalents | 3,381 | 20,633 | | 33,778 | 57,792 |
| Fixed income securities | - | 253 | - | 89,826 | 90,079 |
| Equities | - | 3 | - | 207,381 | 207,384 |
| Mutual funds | - | - | - | - | - |
| Investment in corporations, partnerships, and limited liability | - | 15,804 | 1,486 | - | 17,290 |
| Investment in hedge funds and private equity funds | - | - | - | 26,251 | 26,251 |
| Investment in real estate | - | 3,201 | - | 11,250 | 14,451 |
| Other | - | - | - | 20,380 | 20,380 |
| Receivables: | | | | | |
| Accrued interest | 4 | - | - | 90 | 94 |
| Contribution | - | 88 | - | 3,388 | 3,476 |
| Due (to)/from Old/New System | 311 | (311) | - | - | - |
| Notes receivable | - | - | - | - | - |
| Other | - | 2,456 | 19 | - | 2,475 |
| Total assets | <u>\$ 3,840</u> | <u>\$ 42,884</u> | <u>\$ 1,595</u> | <u>\$ 392,552</u> | <u>\$ 440,871</u> |
| Liabilities and Net Position | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 21 | \$ 149 | \$ 4 | \$ - | \$ 174 |
| Other payables and accruals | - | - | - | 724 | 724 |
| Total liabilities | <u>21</u> | <u>149</u> | <u>4</u> | <u>724</u> | <u>898</u> |
| Net position: | | | | | |
| Restricted for: | | | | | |
| Pension benefits | 3,819 | 42,735 | 1,591 | 391,828 | 439,973 |
| Total net position held in trust for pension benefits | <u>3,819</u> | <u>42,735</u> | <u>1,591</u> | <u>391,828</u> | <u>439,973</u> |
| Total liabilities and net position | <u>\$ 3,840</u> | <u>\$ 42,884</u> | <u>\$ 1,595</u> | <u>\$ 392,552</u> | <u>\$ 440,871</u> |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year ended December 31, 2017
(Amounts in thousands)

| | Firefighters' | | Police old system | Employees' retirement system | Total |
|--|-----------------|------------------|----------------------|------------------------------------|-------------------|
| | Old system | New system | | | |
| Additions: | | | | | |
| Contributions: | | | | | |
| Employer | \$ 11,688 | \$ 35,346 | \$ - | \$ 27,171 | \$ 74,205 |
| Members | - | 3,011 | - | 7,677 | 10,688 |
| Fire insurance rebate | 692 | 983 | - | - | 1,675 |
| Other | - | 344 | 238 | 729 | 1,311 |
| Total contributions | <u>12,380</u> | <u>39,684</u> | <u>238</u> | <u>35,577</u> | <u>87,879</u> |
| Investment income: | | | | | |
| Net appreciation (depreciation) in fair value of investments | - | (4,894) | 8 | 47,697 | 42,811 |
| Interest and dividends | 43 | 429 | - | 5,113 | 5,585 |
| Other investment income | - | 1 | 1 | 8 | 10 |
| Less investment expense | (2) | (846) | - | (912) | (1,760) |
| Net investment income (loss) | <u>41</u> | <u>(5,310)</u> | <u>9</u> | <u>51,906</u> | <u>46,646</u> |
| Total additions | <u>12,421</u> | <u>34,374</u> | <u>247</u> | <u>87,483</u> | <u>134,525</u> |
| Deductions: | | | | | |
| Pension benefits | 15,605 | 24,191 | 42 | 43,436 | 83,274 |
| Refund of member contributions | - | 50 | 1 | 1,416 | 1,467 |
| Death benefits | 48 | 27 | - | 400 | 475 |
| Administrative expenses | 331 | 557 | 115 | 337 | 1,340 |
| DROP withdrawal | 610 | 6,998 | - | 2,720 | 10,328 |
| PLOP withdrawal | 523 | 2,724 | - | - | 3,247 |
| Transfers | - | 90 | 121 | 956 | 1,167 |
| Total deductions | <u>17,117</u> | <u>34,637</u> | <u>279</u> | <u>49,265</u> | <u>101,298</u> |
| Net increase (decrease) | (4,696) | (263) | (32) | 38,218 | 33,227 |
| Net position held in trust for pension benefits – beginning of year | | | | | |
| | <u>8,515</u> | <u>42,998</u> | <u>1,623</u> | <u>353,610</u> | <u>406,746</u> |
| Net position held in trust for pension benefits – end of year | | | | | |
| | <u>\$ 3,819</u> | <u>\$ 42,735</u> | <u>\$ 1,591</u> | <u>\$ 391,828</u> | <u>\$ 439,973</u> |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2017
(Amounts in thousands)

| | <u>Balance January 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31, 2017</u> |
|--------------------------------|--|---------------------|---------------------|--|
| Clearing fund: | | | | |
| Assets: | | | | |
| Cash | \$ 24,676 | \$ 1,851,290 | \$ 1,831,177 | \$ 44,789 |
| Investments | - | - | - | - |
| Investments | - | - | - | - |
| Accounts receivable | 439 | 57 | 432 | 64 |
| | <u>\$ 25,115</u> | <u>\$ 1,851,347</u> | <u>\$ 1,831,609</u> | <u>\$ 44,853</u> |
| Liabilities: | | | | |
| Other payables and accruals | \$ 25,115 | \$ 2,585,237 | \$ 2,571,818 | \$ 38,534 |
| | <u>\$ 25,115</u> | <u>\$ 2,585,237</u> | <u>\$ 2,571,818</u> | <u>\$ 38,534</u> |
| Deposit fund: | | | | |
| Assets: | | | | |
| Cash | \$ 850 | \$ 6,415 | \$ 6,084 | \$ 1,181 |
| Investments | 881 | 9 | 1 | 889 |
| Accounts receivable | 81 | - | 37 | 44 |
| | <u>\$ 1,812</u> | <u>\$ 6,424</u> | <u>\$ 6,122</u> | <u>\$ 2,114</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 4 | \$ - | \$ 4 |
| Other payables and accruals | 1,812 | 3,693 | 3,395 | 2,110 |
| | <u>\$ 1,812</u> | <u>\$ 3,697</u> | <u>\$ 3,395</u> | <u>\$ 2,114</u> |

(Continued)

See accompanying independent auditors' report.

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended December 31, 2017
(Amounts in thousands)

| | <u>Balance January 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31, 2017</u> |
|--------------------------------|--|---------------------|---------------------|--|
| Escrow fund | | | | |
| Assets: | | | | |
| Cash | \$ 14,691 | \$ 76,754 | \$ 75,374 | \$ 16,071 |
| Investments | 17,178 | 195 | 28 | 17,345 |
| Accounts Receivable | 13 | - | 13 | - |
| | <u>\$ 31,882</u> | <u>\$ 76,949</u> | <u>\$ 75,415</u> | <u>\$ 33,416</u> |
| Liabilities: | | | | |
| Other payables and accruals | \$ 31,882 | \$ 80,258 | \$ 78,723 | \$ 33,417 |
| | <u>\$ 31,882</u> | <u>\$ 80,258</u> | <u>\$ 78,723</u> | <u>\$ 33,417</u> |
| Total all agency funds: | | | | |
| Assets: | | | | |
| Cash | \$ 40,217 | \$ 1,931,295 | \$ 1,912,634 | \$ 58,878 |
| Investments | 18,059 | 205 | 29 | 18,235 |
| Accounts receivable | 533 | 57 | 482 | 108 |
| | <u>\$ 58,809</u> | <u>\$ 1,931,557</u> | <u>\$ 1,913,145</u> | <u>\$ 77,221</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Other payables and accruals | 58,809 | 2,669,188 | 2,650,776 | 77,221 |
| | <u>\$ 58,809</u> | <u>\$ 2,669,188</u> | <u>\$ 2,650,776</u> | <u>\$ 77,221</u> |

See accompanying independent auditors' report.

NON-MAJOR COMPONENT UNITS

CITY OF NEW ORLEANS, LOUISIANA
 Combining Statement of Net Position
 Non-major Component Units
 December 31, 2017
 (Amounts in thousands)

| | Downtown Development District | New Orleans Tourism Marketing Corporation | Orleans Parish Communication District | Municipal Yacht Harbor Management Corporation | French Market Corporation | New Orleans Building Corporation | Parking Facilities Corporation | Parish Hospital District for the Parish of Orleans District A | Total |
|--|-------------------------------------|--|--|---|---------------------------------|--|--------------------------------------|---|-------------------|
| Assets and Deferred Outflows of Resources | | | | | | | | | |
| Current assets: | | | | | | | | | |
| Cash | \$ 4,297 | \$ 4,305 | \$ 5,296 | \$ 3,423 | \$ 14,367 | \$ 36,739 | \$ 3,575 | \$ 1,136 | \$ 73,138 |
| Investments | - | 2,041 | - | - | - | - | - | - | 2,041 |
| Receivables (net of allowances): | | | | | | | | | |
| Property taxes | 504 | - | - | - | - | - | - | - | 504 |
| Accounts | - | 5,934 | 953 | 4 | 366 | 1,435 | 180 | 8,634 | 17,506 |
| Accrued interest | - | - | - | - | - | 84 | - | - | 84 |
| Other | 104 | 209 | - | - | - | 13,956 | - | - | 14,269 |
| Due from other governments | - | - | 391 | - | - | 303 | - | - | 694 |
| Prepaid expenses and deposits | 119 | 1,335 | 272 | 84 | 259 | 87 | - | 1,041 | 3,197 |
| Other assets | - | - | - | 10 | - | - | - | 707 | 717 |
| Total current assets | 5,024 | 13,824 | 6,912 | 3,521 | 14,992 | 52,604 | 3,755 | 11,518 | 112,150 |
| Restricted cash and investments: | | | | | | | | | |
| Customer deposits | - | - | - | - | - | 2,239 | 770 | - | 3,009 |
| Future debt service account | 231 | - | - | - | - | - | - | - | 231 |
| Other | - | - | - | - | - | - | 2,426 | 3,436 | 5,862 |
| Total restricted assets | 231 | - | - | - | - | 2,239 | 3,196 | 3,436 | 9,102 |
| Property, plant, and equipment – at cost, less accumulated depreciation | 108 | - | 16,886 | 7 | 18,875 | 47,739 | 23,110 | 117,251 | 223,976 |
| Other assets | - | - | - | 1 | - | - | 1,295 | 27 | 1,323 |
| Total assets | 5,363 | 13,824 | 23,798 | 3,529 | 33,867 | 102,582 | 31,356 | 132,232 | 346,551 |
| Deferred outflows of resources: | | | | | | | | | |
| Deferred amounts related to net pension liability | - | - | 10,166 | - | 1,846 | - | - | - | 12,012 |
| Total deferred outflows of resources | - | - | 10,166 | - | 1,846 | - | - | - | 12,012 |
| Total assets and deferred outflows of resources | \$ 5,363 | \$ 13,824 | \$ 33,964 | \$ 3,529 | \$ 35,713 | \$ 102,582 | \$ 31,356 | \$ 132,232 | \$ 358,563 |

See accompanying independent auditors' report.

(Continued)

CITY OF NEW ORLEANS, LOUISIANA
Combining Statement of Net Position
Non-major Component Units
December 31, 2017
(Amounts in thousands)

| Liabilities, Deferred Inflows, and Net Position | Downtown Development District | New Orleans Tourism Marketing Corporation | Orleans Parish Communication District | Municipal Yacht Harbor Management Corporation | French Market Corporation | New Orleans Building Corporation | Parking Facilities Corporation | Parish Hospital District for the Parish of Orleans District A | Total |
|---|-------------------------------------|--|--|---|---------------------------------|--|--------------------------------------|---|------------|
| Current liabilities (payable from current assets): | | | | | | | | | |
| Accounts payable | \$ 458 | \$ 4,449 | \$ 733 | \$ 7 | \$ 1,008 | \$ 668 | \$ 212 | \$ 2,932 | \$ 10,467 |
| Other payables and accruals | 75 | - | 430 | 162 | 491 | 156 | 2,704 | 25,037 | 29,055 |
| Due to other governments | - | 3,580 | - | - | 1,410 | - | - | - | 4,990 |
| Total current liabilities (payable from current assets) | 533 | 8,029 | 1,163 | 169 | 2,909 | 824 | 2,916 | 27,969 | 44,512 |
| Current liabilities (payable from restricted assets): | | | | | | | | | |
| Accrued interest | - | - | 25 | - | - | - | 310 | - | 335 |
| Bonds payable, current portion | 345 | - | 860 | 805 | - | - | 1,285 | - | 3,295 |
| Deposits and other | - | - | - | 20 | 30 | - | - | - | 50 |
| Total current liabilities (payable from restricted assets) | 345 | - | 885 | 825 | 30 | - | 1,595 | - | 3,680 |
| Total current liabilities | 878 | 8,029 | 2,048 | 994 | 2,939 | 824 | 4,511 | 27,969 | 48,192 |
| Long-term liabilities: | | | | | | | | | |
| Revenue bonds (net of current portion) | 3,245 | - | 905 | - | - | - | 31,175 | 74 | 35,399 |
| Net pension liability | - | - | 13,592 | - | 4,443 | - | - | - | 18,035 |
| Other | - | 108 | 883 | - | 305 | 9,031 | - | 93,380 | 103,707 |
| Total long-term liabilities | 3,245 | 108 | 15,380 | - | 4,748 | 9,031 | 31,175 | 93,454 | 157,141 |
| Total liabilities | 4,123 | 8,137 | 17,428 | 994 | 7,687 | 9,855 | 35,686 | 121,423 | 205,333 |
| Deferred inflows of resources | | | | | | | | | |
| Deferred amounts related to net pension liability | - | - | 617 | - | 261 | - | - | - | 878 |
| Unavailable revenue | - | - | - | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | 617 | - | 261 | - | - | - | 878 |
| Net position: | | | | | | | | | |
| Net investment in capital assets | 108 | - | 15,121 | 7 | 18,875 | 47,739 | - | 23,871 | 105,721 |
| Restricted for bond debt service | 231 | - | 936 | 635 | - | - | - | - | 1,802 |
| Operations reserve | - | - | - | - | - | 2,239 | - | - | 2,239 |
| Unrestricted | 901 | 5,687 | (138) | 1,893 | 8,890 | 42,749 | (4,330) | (13,062) | 42,590 |
| Total net position | 1,240 | 5,687 | 15,919 | 2,535 | 27,765 | 92,727 | (4,330) | 10,809 | 152,352 |
| Total liabilities, deferred inflows of resources, and net position | \$ 5,363 | \$ 13,824 | \$ 33,964 | \$ 3,529 | \$ 35,713 | \$ 102,582 | \$ 31,356 | \$ 132,232 | \$ 358,563 |

See accompanying independent auditors' report.

CITY OF NEW ORLEANS
 Combining Statement of Activities
 Non-major Component Units
 Year ended December 31, 2017
 (Amounts in thousands)

| | Program Revenues | | | | Net (expense) revenue and changes in net position | | | | | | | | Total |
|--|-------------------|----------------------|------------------|----------------|---|---|---------------------------------------|---|---------------------------|----------------------------------|--------------------------------|---|-------------------|
| | Expenses | Charges for services | Operating Grants | Capital Grants | Downtown Development District | New Orleans Tourism Marketing Corporation | Orleans Parish Communication District | Municipal Yacht Harbor Management Corporation | French Market Corporation | New Orleans Building Corporation | Parking Facilities Corporation | Parish Hospital District for the Parish of Orleans District A | |
| Component units: | | | | | | | | | | | | | |
| Downtown Development District | \$ 6,747 | \$ - | \$ 172 | \$ - | \$ (6,575) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (6,575) |
| New Orleans Tourism Marketing Corporation | 23,079 | - | - | - | - | (23,079) | - | - | - | - | - | - | (23,079) |
| Orleans Parish Communication District | 16,892 | 6,029 | - | - | - | - | (10,863) | - | - | - | - | - | (10,863) |
| Municipal Yacht Harbor Management Corporation | 748 | 741 | - | - | - | - | - | (7) | - | - | - | - | (7) |
| French Market Corporation | 10,809 | 11,027 | - | - | - | - | - | - | 218 | - | - | - | 218 |
| New Orleans Building Corporation | 4,582 | 20,263 | - | - | - | - | - | - | - | 15,681 | - | - | 15,681 |
| Parking Facilities Corporation | 11,043 | 11,396 | - | - | - | - | - | - | - | - | 353 | - | 353 |
| Parish Hospital District for the Parish of Orleans | 63,550 | 52,319 | 97 | - | - | - | - | - | - | - | - | (11,134) | (11,134) |
| Total component units | \$ 137,450 | \$ 101,775 | \$ 269 | \$ - | (6,575) | (23,079) | (10,863) | (7) | 218 | 15,681 | 353 | (11,134) | (35,406) |
| General revenue (expense): | | | | | | | | | | | | | |
| Interest revenue | | | | | 35 | | 32 | 2 | 15 | 71 | - | 14 | 169 |
| Property taxes | | | | | 7,212 | - | - | - | - | - | - | - | 7,212 |
| Other | | | | | - | 21,255 | 9,429 | - | - | (14,388) | 52 | 517 | 16,865 |
| Total general revenues (expense) | | | | | 7,247 | 21,255 | 9,461 | 2 | 15 | (14,317) | 52 | 531 | 24,246 |
| Changes in net position | | | | | 672 | (1,824) | (1,402) | (5) | 233 | 1,364 | 405 | (10,603) | (11,160) |
| Net position – beginning | | | | | 568 | 7,511 | 17,321 | 2,540 | 27,532 | 91,363 | (4,735) | 21,412 | 163,512 |
| Prior period adjustments | | | | | - | - | - | - | - | - | - | - | - |
| Net position – beginning, as restated | | | | | <u>568</u> | <u>7,511</u> | <u>17,321</u> | <u>2,540</u> | <u>27,532</u> | <u>91,363</u> | <u>(4,735)</u> | <u>21,412</u> | <u>163,512</u> |
| Net position – ending | | | | | <u>\$ 1,240</u> | <u>\$ 5,687</u> | <u>\$ 15,919</u> | <u>\$ 2,535</u> | <u>\$ 27,765</u> | <u>\$ 92,727</u> | <u>\$ (4,330)</u> | <u>\$ 10,809</u> | <u>\$ 152,352</u> |

See accompanying independent auditors' report.

**AFFIDAVIT OF THE CITY OF NEW ORLEANS
AS TAX COLLECTOR**

CITY OF NEW ORLEANS
(As Ex-officio Orleans Parish Tax Collector)
NEW ORLEANS, LOUISIANA

TAX COLLECTOR AGENCY FUND
Affidavit

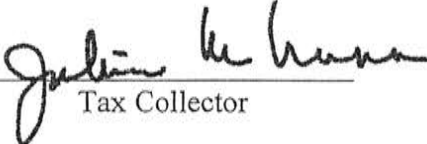
For the year ended December 31, 2017

AFFIDAVIT (Required by R.S. 24:513(B))
STATE OF LOUISIANA
PARISH OF ORLEANS

I, Julius Nunn, Tax Collector for the Parish of Orleans, do solemnly swear that the information reflected in the Summary of Ad Valorem Tax Collections Remitted to Other Taxing Authorities, included in the footnotes of the City of New Orleans "Basic Financial Statement," is true and correctly reflects all taxes collected and distributed to my office during the period January 1, 2017 to December 31, 2017 and that the cash available for the settlement of the unsettled collections amounted to \$28,115,000 as of December 31, 2017.

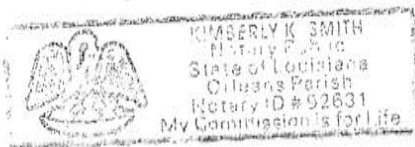
The amount of taxes collected through tax sales for other taxing authorities in 2017 totaled \$1,169,754.

The amount of interest on late ad valorem tax payments taxed and disbursed to other taxing authorities during 2017 totaled \$1,438,880.


Tax Collector

Sworn to and subscribed before me, this
26, day of June, 2017


Notary (affix seal)



SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Compensation Paid to City Council

Year ended December 31, 2017

| <u>New Orleans City Council</u> | <u>Compensation</u> |
|--|---------------------|
| Stacy S. Head, Councilmember-at-Large | \$ 92,926 |
| Jason R. Williams, Councilmember-at-Large | 92,926 |
| Susan G. Guidry, Councilmember - District A | 92,926 |
| Latoya W. Cantrell, Councilmember - District B | 92,926 |
| Nadine M. Ramsey, Councilmember - District C | 92,926 |
| Jared C. Brossett, Councilmember - District D | 92,926 |
| James A. Gray II, Councilmember - District E | 92,926 |
| See accompanying independent auditors' report. | |

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE MAYOR**

CITY OF NEW ORLEANS, LOUISIANA

Schedule of Compensation, Benefits, and other Payments to the Mayor

Year Ended December 31, 2017

Mayor Mitchell J. Landrieu

| <u>Purpose</u> | <u>Amount</u> |
|---|---------------|
| Salary | \$ 164,933 |
| Benefits - retirement | 35,461 |
| Benefits - Social Security, Medicare, Workers' Compensation | 10,578 |
| Vehicle provided by government | 9,742 |
| Other-Meetings | 137 |
| Travel | 16,668 |
| Registration fees | 800 |
| Conference travel | 17,786 |
| Cell phone | 464 |
| Fuel | 2,209 |

See accompanying independent auditors' report.

City of New Orleans, Louisiana

Statistical Section

This part of the City of New Orleans, Louisiana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Table 1 Net Position by Component
- Table 2 Changes in Net Position
- Table 3 Fund Balances
- Table 4 Schedule of Changes in Fund Balance

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

- Table 5 Assessed Value and Estimated Actual Value of Taxable Property
Sources: Orleans Parish School Board, Orleans Levee District, SWB and BOL CAFR
- Table 6 Property Tax Rates
- Table 7 Principal Property Taxpayers
- Table 8 Property Tax Levies and Collections

These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt.

- Table 9 Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita
- Table 10 Direct and Overlapping Debt
- Table 11 Legal Debt Margin Information

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City financial activities take place.

- Table 12 Demographic and Economic Statistics
- Table 13 Employers by Industry

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

- Table 14 City of New Orleans Employees by Department or Component Unit
- Table 15 City of New Orleans Capital Asset Statistics
- Table 16 Operating Indicators by Function

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NEW ORLEANS, LOUISIANA

Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands)

(unaudited)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------------|--------------|--------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| Governmental activities | | | | | | | | | | | |
| Net investment in capital assets | \$ 645,610 | \$ 641,132 | \$ 641,513 | \$ 741,516 | \$ 826,219 | \$ 890,521 | \$ 894,662 | \$ 929,620 | \$ 933,606 | \$ 914,834 | \$ 955,314 |
| Restricted | 97,506 | 92,584 | 85,692 | 60,839 | 59,140 | 81,294 | 113,204 | 124,597 | 113,437 | 114,897 | 76,485 |
| Unrestricted | (668,120) | (843,364) | (929,327) | (744,250) | (777,932) | (943,237) | (823,058) | (1,354,303) | (1,344,840) | (1,231,601) | (1,273,420) |
| Total governmental activities net assets | \$ 74,996 | \$ (109,648) | \$ (202,122) | \$ 58,105 | \$ 107,427 | \$ 28,578 | \$ 184,808 | \$ (300,086) | \$ (297,797) | \$ (201,870) | \$ (241,621) |
| Primary government | | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 645,610 | \$ 641,132 | \$ 641,513 | \$ 741,516 | \$ 826,219 | \$ 890,521 | \$ 894,662 | \$ 936,247 | \$ 933,606 | \$ 914,834 | \$ 955,314 |
| Restricted | 97,506 | 92,584 | 85,692 | 60,839 | 59,140 | 81,294 | 113,204 | 124,597 | 113,437 | 114,897 | 76,485 |
| Unrestricted | (668,120) | (843,364) | (929,327) | (744,250) | (777,932) | (943,237) | (823,058) | (764,975) | (1,344,840) | (1,231,601) | (1,273,420) |
| Total primary government net assets | \$ 74,996 | \$ (109,648) | \$ (202,122) | \$ 58,105 | \$ 107,427 | \$ 28,578 | \$ 184,808 | \$ 295,869 | \$ (297,797) | \$ (201,870) | \$ (241,621) |

Source: City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

(unaudited)

| Expenses | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------|--------------|-------------|------------|------------|-------------|------------|------------|------------|------------|-------------|
| Governmental Activities: | | | | | | | | | | | |
| General government | \$ 203,620 | \$ 316,237 | \$ 302,394 | \$ 321,303 | \$ 242,417 | \$ 382,386 | \$ 247,118 | \$ 260,852 | \$ 311,617 | \$ 234,282 | \$ 381,449 |
| Public Safety | 252,474 | 204,749 | 214,899 | 224,915 | 236,058 | 233,745 | 230,231 | 229,968 | 295,707 | 264,860 | 271,886 |
| Public Works | 143,211 | 135,507 | 136,344 | 124,952 | 126,080 | 134,130 | 124,136 | 123,826 | 141,746 | 146,064 | 149,164 |
| Health and Human Services | 18,438 | 19,973 | 20,682 | 19,084 | 21,678 | 26,805 | 27,981 | 29,587 | 31,806 | 32,492 | 35,803 |
| Culture and recreation | 12,600 | 21,710 | 25,392 | 23,577 | 21,575 | 24,576 | 23,403 | 26,021 | 27,500 | 30,228 | 35,274 |
| Urban development and housing | 21,157 | 49,507 | 47,544 | 40,114 | 32,682 | 33,538 | 23,891 | 24,968 | 28,539 | 22,090 | 22,212 |
| Economic development | 6,606 | 17,102 | 24,321 | 10,329 | 8,680 | 8,793 | 12,731 | 8,488 | 7,933 | 7,434 | 10,295 |
| Interest and fiscal charges | 60,267 | 73,152 | 73,590 | 76,276 | 69,621 | 66,996 | 60,546 | 62,647 | 61,926 | 60,607 | 60,567 |
| Total primary government expenses | 718,373 | 837,937 | 845,166 | 840,550 | 758,791 | 910,969 | 750,037 | 766,357 | 906,774 | 798,057 | 966,650 |
| Program Revenues | | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | | |
| General government | 51,749 | 69,937 | 71,578 | 46,153 | 69,191 | 73,770 | 70,692 | 67,016 | 71,912 | 74,010 | 68,411 |
| Public Safety | 20,133 | 29,321 | 28,336 | 17,602 | 37,947 | 36,845 | 22,331 | 19,113 | 28,826 | 29,501 | 37,486 |
| Public Works | 14,284 | 18,075 | 25,373 | 32,218 | 36,753 | 36,756 | 37,015 | 34,571 | 41,570 | 46,353 | 58,570 |
| Health and Human Services | 301 | 6,690 | 8,535 | 9,862 | 9,873 | 7,967 | 8,003 | 14,792 | 13,856 | 14,692 | 16,652 |
| Culture and recreation | - | 638 | 310 | 235 | 309 | 861 | 814 | 1,025 | 1,033 | 898 | 964 |
| Urban development and housing | 138 | - | - | - | 60 | - | 1,735 | 2,605 | 3,304 | 3,204 | 4,023 |
| Economic development | 4,229 | 170 | 116 | 890 | - | 2,007 | - | - | - | - | 70 |
| Operating grants and contributions | 134,097 | 105,041 | 143,482 | 170,164 | 142,497 | 143,964 | 139,577 | 119,512 | 125,122 | 107,845 | 94,041 |
| Capital grants and contributions | 53,237 | 37,301 | 51,230 | 111,859 | 75,728 | 90,434 | 141,650 | 119,963 | 54,091 | 46,127 | 78,308 |
| Total primary government program revenues | 278,168 | 267,173 | 328,960 | 388,983 | 372,358 | 392,604 | 421,817 | 378,597 | 339,714 | 322,630 | 358,525 |
| Net Revenue (Expense) | | | | | | | | | | | |
| Total primary government | (440,205) | (570,764) | (516,206) | (451,567) | (386,433) | (518,365) | (328,220) | (387,760) | (567,060) | (475,427) | (608,125) |
| General Revenues | | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | | |
| Property Taxes | 142,480 | 155,767 | 145,956 | 175,863 | 187,199 | 180,318 | 204,335 | 209,059 | 212,507 | 248,493 | 265,555 |
| Sales Taxes | 134,114 | 137,581 | 133,868 | 147,453 | 153,955 | 163,128 | 176,465 | 193,183 | 204,293 | 203,235 | 218,051 |
| Other Taxes | 44,324 | 42,191 | 45,332 | 49,567 | 45,787 | 46,953 | 57,134 | 55,875 | 53,616 | 55,927 | 50,659 |
| Investment Earnings | 19,580 | 18,251 | 32,791 | 5,301 | (770) | 13,470 | 15,231 | 16,851 | 19,724 | 22,705 | 25,232 |
| Insurance Proceeds | 5,257 | 5,866 | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 29,890 | 51,115 | 65,785 | 67,695 | 47,296 | 29,674 | 29,199 | 22,649 | 79,209 | 40,994 | 34,834 |
| Gain (loss) on impairment | - | - | - | - | - | - | - | - | - | - | - |
| Gain (loss) on sales of capital assets | - | (24,651) | - | - | - | - | - | - | - | - | - |
| Forgiveness of Debt | - | - | - | 265,915 | 2,288 | 5,973 | 2,086 | - | - | - | - |
| Transfers in/out | - | - | - | - | - | - | - | - | - | - | - |
| Special Items | - | - | - | - | - | - | - | 2,600 | - | - | - |
| Total general revenues, transfers, and special items | 375,645 | 386,120 | 423,732 | 711,794 | 435,755 | 439,516 | 484,450 | 500,217 | 569,349 | 571,354 | 594,331 |
| Change in Net Assets | \$ (64,560) | \$ (184,644) | \$ (92,474) | \$ 260,227 | \$ 49,322 | \$ (78,849) | \$ 156,230 | \$ 112,457 | \$ 2,289 | \$ 95,927 | \$ (13,794) |

Source: City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

(unaudited)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | | | | | | | | |
| Reserved | \$ 16,526 | \$ 7,229 | \$ 680 | \$ 530 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved: | | | | | | | | | | | |
| Designated for subsequent year | 40,083 | 17,016 | 15,933 | 13,619 | - | - | - | - | - | - | - |
| Undesignated | 41,011 | 35,334 | (8,677) | (25,210) | - | - | - | - | - | - | - |
| No spendable | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | 250 | 250 | 31,646 |
| Committed | - | - | - | - | 13,934 | 10,661 | 6,036 | 4,735 | 2,080 | 4,769 | 12,338 |
| Assigned | - | - | - | - | - | - | - | 27,634 | 38,196 | 47,899 | 51,861 |
| Unassigned | - | - | - | - | (17,344) | (19,997) | 10,926 | 10,615 | 35,047 | 21,067 | (20,158) |
| Total general fund | 97,620 | 59,579 | 7,936 | (11,061) | (3,410) | (9,336) | 16,962 | 42,984 | 75,573 | 73,985 | 75,687 |
| All Other Governmental Funds | | | | | | | | | | | |
| Reserved | 158,297 | 186,871 | 130,974 | 149,398 | - | - | - | - | - | - | - |
| Unreserved reported in: | | | | | | | | | | | |
| HUD | - | (267) | (385) | (7,493) | - | - | - | - | - | - | - |
| Federal UDAG | - | - | - | - | - | - | - | - | - | - | - |
| FEMA | (16,363) | (31,777) | (49,882) | (55,328) | - | - | - | - | - | - | - |
| CDL | - | - | - | - | - | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - | - | - | - | - | - |
| Capital Projects | 180,116 | 61,103 | 66,185 | 55,119 | - | - | - | - | - | - | - |
| Louisiana Office of Community Development | - | - | (1,169) | (14,190) | - | - | - | - | - | - | - |
| Non-major Governmental | 34,636 | 28,692 | 17,582 | 20,231 | - | - | - | - | - | - | - |
| No spendable | - | - | - | - | 6,886 | 5,368 | 2,407 | 1,632 | 1,636 | 1,083 | 1,086 |
| Restricted | - | - | - | - | 122,991 | 146,778 | 137,113 | 152,806 | 139,243 | 125,103 | 83,388 |
| Committed | - | - | - | - | 17,891 | 25,402 | 58,882 | 81,597 | 133,220 | 167,272 | 148,283 |
| Assigned | - | - | - | - | 4,022 | 3,164 | 225 | 315 | 308 | 725 | 715 |
| Unassigned | - | - | - | - | (78,511) | (64,424) | (36,557) | (30,271) | (37,176) | (19,807) | (38,282) |
| Total all other government funds | \$ 356,686 | \$ 244,622 | \$ 163,305 | \$ 147,737 | \$ 73,279 | \$ 116,288 | \$ 162,070 | \$ 206,079 | \$ 237,231 | \$ 274,376 | \$ 195,190 |

Source : City of New Orleans Bureau of Accounting

CITY OF NEW ORLEANS, LOUISIANA
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------|--------------|--------------|-------------|-------------|------------|------------|------------|------------|------------|-------------|
| (unaudited) | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| Taxes | \$ 298,620 | \$ 301,076 | \$ 305,240 | \$ 333,849 | \$ 360,944 | \$ 372,012 | \$ 396,973 | \$ 424,204 | \$ 446,239 | \$ 472,836 | \$ 501,782 |
| Licenses and permits | 55,490 | 60,335 | 54,136 | 58,117 | 57,219 | 56,612 | 62,963 | 62,428 | 60,597 | 65,821 | 71,220 |
| Intergovernmental | 171,369 | 162,810 | 237,485 | 261,670 | 212,684 | 273,457 | 265,594 | 224,706 | 177,624 | 152,413 | 144,797 |
| Charges for services | 35,080 | 44,751 | 48,189 | 50,417 | 72,171 | 74,164 | 78,996 | 81,351 | 85,753 | 91,491 | 90,482 |
| Program income | 66 | 68 | 1,182 | 145 | 4,898 | 82 | 1,942 | 6,541 | 620 | 1,640 | 938 |
| Fines and forfeits | 12,325 | 18,867 | 26,619 | 33,565 | 38,824 | 37,766 | 35,977 | 32,603 | 44,701 | 41,444 | 46,463 |
| Interest income | 19,580 | 12,769 | 4,906 | 1,203 | 684 | 461 | 300 | 417 | 540 | 1,882 | 2,801 |
| Contributions, gifts, donations | 3,164 | 3,112 | 3,249 | 3,860 | 2,742 | 3,092 | 3,687 | 4,088 | 4,737 | 7,087 | 6,842 |
| Miscellaneous and other | 48,229 | 29,241 | 34,801 | 67,233 | 41,808 | 33,295 | 28,367 | 49,916 | 85,081 | 46,891 | 36,649 |
| Total Revenues | 643,923 | 633,029 | 715,807 | 810,059 | 791,974 | 850,941 | 874,799 | 886,254 | 905,892 | 881,505 | 901,974 |
| EXPENDITURES | | | | | | | | | | | |
| General government | 188,003 | 209,705 | 231,838 | 245,451 | 226,518 | 238,166 | 207,631 | 233,012 | 264,663 | 276,604 | 263,484 |
| Public safety | 209,423 | 200,430 | 210,363 | 220,734 | 235,946 | 229,457 | 226,831 | 226,854 | 250,164 | 270,897 | 296,338 |
| Public works | 79,397 | 75,834 | 77,851 | 65,730 | 64,811 | 75,217 | 65,903 | 67,183 | 78,728 | 84,132 | 87,946 |
| Health and human services | 17,844 | 19,973 | 20,682 | 19,084 | 21,678 | 26,785 | 27,981 | 29,587 | 31,806 | 32,492 | 35,803 |
| Culture and recreation | 13,425 | 20,078 | 23,784 | 22,047 | 20,048 | 23,027 | 22,016 | 24,666 | 26,193 | 29,121 | 34,265 |
| Urban development and housing | 22,529 | 49,507 | 47,544 | 40,114 | 33,439 | 35,424 | 23,891 | 24,968 | 28,539 | 22,090 | 22,212 |
| Economic development and assistance | 8,935 | 17,102 | 24,321 | 10,329 | 9,243 | 8,793 | 12,731 | 8,488 | 7,933 | 7,434 | 10,295 |
| Capital projects | 57,154 | 128,993 | 151,878 | 140,928 | 142,715 | 96,535 | 152,947 | 135,780 | 108,485 | 85,905 | 110,820 |
| Debt service: | | | | | | | | | | | |
| Principal | 40,951 | 42,168 | 45,072 | 53,019 | 56,775 | 46,198 | 47,103 | 55,820 | 47,745 | 50,831 | 74,187 |
| Interest and fiscal charges | 58,423 | 66,591 | 66,495 | 69,374 | 63,536 | 63,205 | 57,004 | 61,151 | 68,808 | 62,590 | 60,031 |
| Total Expenditures | 696,084 | 830,381 | 899,828 | 886,810 | 874,709 | 842,807 | 844,038 | 867,509 | 913,064 | 922,096 | 995,381 |
| Revenue over (under) expenditures | (52,161) | (197,352) | (184,021) | (76,751) | (82,735) | 8,134 | 30,761 | 18,745 | (7,172) | (40,591) | (93,407) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers in | 93,956 | 10,161 | 26,844 | 72,319 | 21,048 | 28,219 | 55,067 | 66,413 | 76,726 | 82,409 | 4,444 |
| Transfers in from component unit | - | - | 42,269 | 40,726 | - | - | - | - | - | - | - |
| Transfers out | (93,956) | (15,325) | (26,844) | (72,319) | (21,048) | (28,219) | (55,067) | (66,413) | (76,726) | (82,409) | (4,444) |
| Issuance of notes payable | 32,748 | 34,373 | 8,458 | 975 | - | 3,500 | - | 12,500 | - | - | 19,200 |
| Issuance of Go Zone Notes | - | 12,345 | 334 | 485 | - | - | - | - | - | - | - |
| Issuance of long-term debt | 75,147 | - | - | - | - | - | - | - | - | - | - |
| Issuance of bonds | - | - | - | - | 15,995 | 363,725 | 40,000 | 40,000 | 162,457 | 135,125 | - |
| Premium/Discount on issuance of long-term debt | - | - | - | - | - | 25,800 | 263 | 182 | 9,617 | 6,007 | - |
| Debt service assistance loan | 23,549 | - | - | - | - | - | - | - | - | - | - |
| Insurance proceeds | 4,925 | 5,866 | - | - | - | - | - | - | - | - | - |
| Payment to escrow agent | - | - | - | - | - | (319,178) | - | - | (99,488) | (60,679) | - |
| Federal subsidy - Build America Bonds | - | - | - | - | - | - | 1,012 | - | - | - | - |
| Other, net | (769) | (173) | - | - | (67) | 1,102 | 44 | - | - | - | - |
| Total other financing sources (uses) | 135,600 | 47,247 | 51,061 | 42,186 | 15,928 | 74,949 | 41,319 | 52,682 | 72,586 | 80,453 | 19,200 |
| Special Items | | | | | | | | | | | |
| Termination of interest rate swap | - | - | - | - | - | 46,000 | - | - | - | - | - |
| Net change in fund balances | \$ 83,439 | \$ (150,105) | \$ (132,960) | \$ (34,565) | \$ (66,807) | \$ 37,083 | \$ 72,080 | \$ 71,427 | \$ 65,414 | \$ 39,862 | \$ (74,207) |
| GASB 44 debt service disclosure | 9.14% | 15.51% | 14.92% | 16.41% | 16.44% | 14.74% | 15.06% | 15.99% | 14.49% | 13.56% | 15.17% |

CITY OF NEW ORLEANS, LOUISIANA

Assessed Value and Estimated Actual Value of Taxable Property

(unaudited)

| Year | Real Estate | | Personal Property | | Public Service Corporations | Exemption (\$) | Estimated Actual Value (\$) * | Assessed Value (\$) | Net Assessed Value (\$) |
|------|----------------------------------|---------------------------|----------------------------------|---------------------------|-----------------------------|----------------|-------------------------------|---------------------|-------------------------|
| | Estimated Fair Markey Value (\$) | Total Assessed Value (\$) | Estimated Fair Markey Value (\$) | Total Assessed Value (\$) | Total Assessed Value (\$) | | | | |
| 2007 | 14,818,041,813 | 1,650,948,720 | 2,295,983,639 | 344,397,546 | 139,643,310 | 288,851,693 | 17,114,025,452 | 2,134,989,576 | 1,846,137,883 |
| 2008 | 20,949,402,557 | 2,297,502,715 | 2,630,333,393 | 394,550,009 | 144,942,530 | 292,878,255 | 23,579,735,950 | 2,836,995,254 | 2,544,116,999 |
| 2009 | 21,896,630,780 | 2,349,536,358 | 2,697,334,439 | 404,600,166 | 152,439,600 | 317,247,040 | 24,593,965,219 | 2,906,576,124 | 2,589,329,084 |
| 2010 | 23,242,887,037 | 2,489,801,675 | 2,582,226,767 | 387,334,015 | 163,911,580 | 362,665,406 | 25,825,113,804 | 3,041,047,270 | 2,678,381,864 |
| 2011 | 24,141,372,133 | 2,586,081,540 | 2,571,333,133 | 385,699,970 | 167,557,410 | 372,613,310 | 26,712,705,266 | 3,139,338,920 | 2,766,725,610 |
| 2012 | 25,689,720,400 | 2,760,973,210 | 2,606,348,213 | 390,952,232 | 183,003,600 | 385,256,805 | 28,296,068,613 | 3,334,929,042 | 2,949,672,237 |
| 2013 | 27,066,642,133 | 2,920,015,480 | 2,754,134,933 | 413,120,240 | 193,722,510 | 437,893,609 | 29,820,777,066 | 3,526,858,230 | 3,088,964,621 |
| 2014 | 27,715,785,033 | 2,992,593,440 | 2,703,429,532 | 405,514,430 | 181,055,280 | 448,696,881 | 30,419,214,565 | 3,579,163,150 | 3,130,466,269 |
| 2015 | 29,274,057,167 | 3,188,376,880 | 2,875,702,200 | 431,355,330 | 170,541,020 | 458,941,272 | 32,149,759,367 | 3,790,273,230 | 3,331,331,958 |
| 2016 | 28,607,113,989 | 3,376,000,510 | 2,266,157,700 | 456,453,540 | 169,105,350 | 468,352,645 | 30,873,271,689 | 4,001,559,400 | 3,533,206,755 |
| 2017 | 32,308,258,367 | 3,481,746,390 | 3,167,096,334 | 471,985,530 | 175,685,210 | 475,463,500 | 35,475,354,701 | 4,129,417,130 | 3,653,953,630 |

* Estimated Actual value does not include the Fair Market Value for Public Service Corporations

Source: Louisiana Tax Commission Report (2008-2017)

CITY OF NEW ORLEANS, LOUISIANA
Property Tax rates - Direct and Overlapping Governments
(unaudited)

| Property tax rates: | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| City alimony | 13.91 | 15.1 | 15.1 | 15.1 | 15.1 | 15.1 | 15.1 | 11.72 | 11.72 | 11.72 | 16.1 |
| Interest and redemption city bond, | 25.5 | 25.5 | 25.5 | 25.5 | 25.5 | 25.5 | 25.5 | 25.5 | 23.8 | 23.8 | 31.7 |
| Special tax dedicated to maintenance of double platoon Fire Department and triple platoon Police Department | 4.27 | 4.27 | 4.27 | 4.27 | 4.27 | 4.27 | 4.27 | 3.11 | 3.11 | 3.11 | 4.27 |
| Special tax (additional) for increase in pay to officers and members of Police and Fire Department | 2.13 | 2.13 | 2.13 | 2.13 | 2.13 | 2.13 | 2.13 | 1.55 | 1.55 | 1.55 | 2.13 |
| Special tax, Police without Homestead Exemption: Police protection, | 5.26 | 5.26 | 5.26 | 5.26 | 5.26 | 5.26 | 5.26 | 3.98 | 3.98 | 3.98 | 5.26 |
| Special tax, Fire without Homestead Exemption: Additional millages for fire protection | 5.21 | 5.21 | 5.21 | 5.21 | 5.21 | 5.21 | 5.21 | 5.21 | 3.94 | 3.94 | 5.21 |
| Special tax for establishing and maintaining a zoological garden in Audubon Park | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.44 |
| Special tax to establish and maintains an aquarium by the Audubon Commission | 2.99 | 2.99 | 2.99 | 2.99 | 2.99 | 2.99 | 2.99 | 2.99 | 2.99 | 2.99 | 4.11 |
| Special dedicated tax to operate the Public Library | 5.64 | 5.64 | 3.14 | 3.14 | 3.14 | 3.14 | 3.14 | 3.14 | 3.14 | 3.14 | 4.32 |
| Capital Improvements & Infrastructure Trust Fund | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 2.5 |
| Special tax, Neighborhood Housing Improvement | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 1.25 |
| Special tax, New Orleans Economic Development Fund | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 0.91 | 1.25 |
| Special tax, Parkways and Park and Recreation Department | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2.18 | 2.18 | 2.18 | 3 |
| Special tax, Street and Traffic Control Device Maintenance | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.38 | 1.38 | 1.38 | 1.9 |
| Special tax for maintenance, operations and extension of the drainage system | | 16.43 | 16.43 | 16.43 | 16.43 | 16.43 | 16.43 | 16.43 | 16.03 | 16.43 | 22.59 |
| Total direct property tax rates | 73.77 | 91.39 | 88.89 | 88.89 | 88.89 | 88.89 | 88.89 | 81.15 | 77.78 | 78.18 | 106.03 |
| Special tax to provide funds for Board of funds for Board of Assessors | | | | | | | | | | | |
| Special tax, Law Enforcement District of Orleans Parish | 2.8 | 2.8 | 2.8 | 2.8 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 3.5 |
| Special tax for Orleans Parish School Board, for support, maintenance and construction of Public Schools of the City of New Orleans as levied by said Board annually, | 45.31 | 45.31 | 45.31 | 45.31 | 44.81 | 43.60 | 44.12 | 44.12 | 38.47 | 38.47 | 52.90 |
| Sub Total overlapping property tax rates | 48.11 | 48.11 | 48.11 | 48.11 | 47.71 | 46.5 | 47.02 | 47.02 | 41.37 | 41.37 | 56.4 |
| Orleans Levee Board | | | | | | | | | | | 12.76 |
| Orleans Levee District (Eastbank) | 12.28 | 12.28 | 11.67 | 11.67 | 11.67 | 11.67 | 11.67 | 11.67 | 10.95 | 9.65 | |
| Algiers Levee District (Westbank) | 12.56 | 6.21 | 12.56 | 12.56 | 12.36 | 12.76 | 12.76 | 12.76 | 9.28 | 9.28 | |
| Total Overlapping property tax rates | | | | | | | | | | | |
| Eastbank | 60.39 | 60.39 | 59.78 | 59.78 | 59.38 | 58.17 | 58.69 | 58.69 | 52.32 | 51.02 | 69.16 |
| Westbank | 60.67 | 54.32 | 60.67 | 60.67 | 60.07 | 59.26 | 59.78 | 59.78 | 50.65 | 50.65 | 69.16 |
| Total Eastbank | 134.16 | 151.78 | 148.67 | 148.67 | 148.27 | 147.06 | 147.58 | 139.84 | 130.1 | 129.2 | 175.19 |
| Total Westbank | 134.44 | 145.71 | 149.56 | 149.56 | 148.96 | 148.15 | 148.67 | 140.93 | 128.43 | 128.83 | 175.19 |

Source: City of New Orleans Department of Finance Bureau of the Treasury

CITY OF NEW ORLEANS, LOUISIANA

Principal Property Taxpayers
And 10 Years Before
(Amounts in thousands)

(Unaudited)

| Name of Taxpayer | Type of business | 2017 | | |
|---------------------------|----------------------------|------------------------|------|------------------------------------|
| | | Taxable Assessed Value | Rank | Percentage of total assessed value |
| Entergy | Electric and gas utilities | 110,910 | 1 | 3.04% |
| Capital One Bank | Financial institution | 45,919 | 2 | 1.26% |
| Marriott Hotel | Hospitality | 36,113 | 3 | 0.99% |
| BellSouth | Telephone Utilities | 35,178 | 4 | 0.96% |
| Harrah's Entertainment | Hospitality and gaming | 28,363 | 5 | 0.78% |
| Whitney Bank/Hancock Bank | Financial institution | 25,224 | 6 | 0.69% |
| Folger Coffee | Coffee Roasting Plant | 19,637 | 7 | 0.54% |
| J P Morgan Chase Bank | Financial institution | 18,352 | 8 | 0.50% |
| International Rivercenter | Real Estate | 18,105 | 9 | 0.50% |
| Sheraton Hotel | Hospitality | 16,639 | 10 | 0.46% |

| Name of Taxpayer | Type of business | 2007 | | |
|------------------------------|----------------------------|------------------------|------|------------------------------------|
| | | Taxable Assessed Value | Rank | Percentage of total assessed value |
| Energy Services | Electric and gas utilities | 60,220 | 1 | 3.65 |
| BellSouth Telecommunications | Telephone utilities | 58,436 | 2 | 3.55 |
| Hibernia National Bank | Financial institution | 49,568 | 3 | 3.01 |
| Harrah's Entertainment | Hospitality and gaming | 21,178 | 4 | 1.65 |
| Whitney National Bank | Financial institution | 23,583 | 5 | 1.43 |
| CS&M Association (Sheraton) | Real Estate | 20,725 | 6 | 1.26 |
| International River Center | Real Estate | 19,058 | 7 | 1.16 |
| Marriott Hotel Properties | Hospitality | 15,271 | 8 | 0.93 |
| J P Morgan Chase Bank | Financial institution | 13,385 | 9 | 0.81 |
| SHC New Orleans (Hyatt) | Hospitality | 11,247 | 10 | 0.68 |

Source: City of New Orleans Department of Finance Bureau of the Treasury

CITY OF NEW ORLEANS, LOUISIANA

Property Tax Levis and Collections
 Last Ten Fiscal Years
 (amounts in thousands)

(unaudited)

| Fiscal Year | Total levied | Collected within Fiscal year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------|--------------|---|---------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percent | | Amount | Percentage of Levy |
| Real estate taxes: | | | | | | |
| 2007 | 250,462 | 225,743 | 90.13% | 21,675 | 247,418 | 98.78% |
| 2008 | 269,746 | 243,204 | 90.16% | 23,438 | 266,642 | 98.85% |
| 2009 | 275,869 | 257,219 | 93.24% | 15,219 | 272,438 | 98.76% |
| 2010 | 309,800 | 291,078 | 93.96% | 14,598 | 305,676 | 98.67% |
| 2011 | 339,370 | 320,437 | 94.42% | 13,717 | 334,154 | 98.46% |
| 2012 | 362,262 | 342,248 | 94.48% | 13,528 | 355,776 | 98.21% |
| 2013 | 382,902 | 363,026 | 94.81% | 8,642 | 374,260 | 97.74% |
| 2014 | 393,304 | 375,815 | 95.55% | 0 | 375,815 | 95.6% |
| 2015 | 422,306 | 397,843 | 94.21% | 11,168 | 409,011 | 96.9% |
| 2016 | 457,800 | 442,153 | 96.58% | 13,137 | 455,290 | 99.5% |
| 2017 | 480,924 | 458,767 | 95.39% | 7,711 | 466,478 | 97.0% |
| Personal property taxes: | | | | | | |
| 2007 | 82,046 | 74,258 | 90.51% | 3,709 | 77,967 | 95.03% |
| 2008 | 67,548 | 59,645 | 88.30% | 4,429 | 64,074 | 94.86% |
| 2009 | 69,935 | 63,118 | 90.25% | 3,444 | 66,562 | 95.18% |
| 2010 | 74,530 | 68,508 | 91.92% | 2,242 | 70,750 | 94.93% |
| 2011 | 78,996 | 74,204 | 93.93% | 1,653 | 75,857 | 96.03% |
| 2012 | 81,685 | 78,275 | 95.83% | 1,550 | 79,825 | 97.72% |
| 2013 | 87,058 | 84,410 | 96.96% | 365 | 84,775 | 97.38% |
| 2014 | 84,620 | 81,926 | 96.82% | 0 | 81,926 | 96.82% |
| 2015 | 86,961 | 81,773 | 94.03% | 1,002 | 82,775 | 95.19% |
| 2016 | 92,428 | 88,797 | 96.07% | 744 | 89,541 | 96.88% |
| 2017 | 96,441 | 92,123 | 95.52% | 827 | 92,950 | 96.38% |

Source: City of New Orleans Department of Finance Bureau of the Treasury

CITY OF NEW ORLEANS, LOUISIANA

Ratio of General Obligation Bonded Debt to Assessed
Value and Bonded Debt per CapitaLast Ten Fiscal Years
(amount in thousands)
(unaudited)

| <u>Fiscal year</u> | <u>Population*</u> | Assessed value real estate and personal property | General obligation bonded debt | Ratio of bonded debt to assessed value | Bonded debt per capita (1) |
|--------------------|--------------------|--|--------------------------------------|--|----------------------------------|
| 2007 | 288 | 2,134,782 | 538,514 | 25.23 | 1,870 |
| 2008 | 312 | 2,844,876 | 523,955 | 18.42 | 1,679 |
| 2009 | 327 | 2,921,471 | 508,019 | 17.39 | 1,554 |
| 2010 | 343 | 3,041,047 | 529,219 | 17.40 | 1,543 |
| 2011 | 356 | 3,139,338 | 509,544 | 16.23 | 1,431 |
| 2012 | 369 | 3,334,929 | 470,077 | 14.10 | 1,274 |
| 2013 | 379 | 3,526,858 | 489,463 | 13.88 | 1,291 |
| 2014 | 384 | 3,579,163 | 507,081 | 14.17 | 1,321 |
| 2015 | 390 | 3,790,273 | 536,326 | 14.15 | 1,375 |
| 2016 | 391 | 3,832,454 | 577,562 | 15.07 | 1,477 |
| 2017 | 393 | 3,953,732 | 550,864 | 13.93 | 1,402 |

Source: United States Census Bureau / Louisiana Tax Commission Report / City of New Orleans Bureau of Accounts

(1) Bonded debt per capita not in thousands.

Note: Bonded debt does not include the effects of accretion on deep discount bonds.

CITY OF NEW ORLEANS, LOUISIANA

Computation of Direct and Overlapping Debt
Last Ten Fiscal Years
(expressed in thousands)

(unaudited)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| City of New Orleans: | | | | | | | | | | | |
| General Obligation, limited tax, and revenue bonds** | 718,699 | 696,565 | 672,664 | 685,609 | 673,279 | 695,587 | 712,508 | 734,035 | 761,663 | 799,115 | 766,349 |
| Sewerage and Water Board | 23,835 | 22,710 | 21,525 | 20,290 | 18,990 | 17,630 | 16,205 | 14,365 | 12,750 | 11,100 | 9,410 |
| Audubon Commission | 50,170 | 52,806 | 51,813 | 48,775 | 49,316 | 28,343 | 26,035 | 23,005 | 19,860 | 16,615 | 13,590 |
| Total direct City debt | <u>792,704</u> | <u>772,081</u> | <u>746,002</u> | <u>754,674</u> | <u>741,585</u> | <u>741,560</u> | <u>754,748</u> | <u>771,405</u> | <u>794,273</u> | <u>826,830</u> | <u>789,349</u> |
| Overlapping Debt: * (1) | | | | | | | | | | | |
| Orleans Parish School Board | 216,868 | 195,363 | 170,898 | 155,411 | 120,130 | 183,796 | 168,939 | 153,803 | 140,575 | 130,670 | 120,295 |
| Southeast Louisiana Flood Protection Authority East | 60,045 | 54,530 | 48,665 | 3,745 | 3,120 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total overlapping debt | <u>276,913</u> | <u>249,893</u> | <u>219,563</u> | <u>159,156</u> | <u>123,250</u> | <u>183,796</u> | <u>168,939</u> | <u>153,803</u> | <u>140,575</u> | <u>130,670</u> | <u>120,295</u> |
| Total direct and overlapping debt | <u><u>1,069,617</u></u> | <u><u>1,021,974</u></u> | <u><u>965,565</u></u> | <u><u>913,830</u></u> | <u><u>864,835</u></u> | <u><u>925,356</u></u> | <u><u>923,687</u></u> | <u><u>925,208</u></u> | <u><u>934,848</u></u> | <u><u>957,500</u></u> | <u><u>909,644</u></u> |

* The percentage of overlapping debt for both School Board and Levee District are @ 100%

** Bonded debt does not include the effects of accretion on deep discount bonds.

Sources: Orleans Parish School Board, Orleans Levee District, SWB and BOL CAFR

(1) The fiscal year for both the School Board and Levee Districts are June 30. The overlapping debt stated is for June 30 of that year.

CITY OF NEW ORLEANS, LOUISIANA

Computation of Legal Debt Margin
Last Ten Years

(amount in thousands)

(unaudited)

| Fiscal year | Assessed value real estate and personal property (\$) | Debt Limitation 35% of total assessed value* | Amount of debt applicable to debt limitation ** | | Less Assets in debt service fund available for retirement of General Obligation Bds. | Legal debt margin |
|-------------|---|--|---|--|---|-------------------------|
| | | | General Obligation Bonds *** | Effects of Accretion Deep Discount Bonds | | |
| 2007 | 2,134,990 | 992,948 | 538,514 | 217,541 | 47,764 | 284,657 |
| 2008 | 2,836,995 | 992,948 | 523,955 | 200,040 | 36,922 | 305,875 |
| 2009 | 2,906,576 | 1,020,858 | 508,019 | 181,946 | 32,802 | 363,695 |
| 2010 | 3,041,047 | 1,098,156 | 529,219 | 163,361 | 30,188 | 435,764 |
| 2011 | 3,139,339 | 1,168,903 | 509,544 | 144,316 | 29,859 | 544,902 |
| 2012 | 3,334,929 | 1,232,669 | 470,077 | 124,844 | 30,826 | 668,574 |
| 2013 | 3,526,858 | 1,252,707 | 489,463 | 104,912 | 36,481 | 694,813 |
| 2014 | 3,579,163 | 1,326,596 | 507,081 | 84,608 | 40,149 | 775,056 |
| 2015 | 3,790,273 | 1,341,359 | 536,326 | 55,645 | 45,825 | 795,213 |
| 2016 | 3,832,454 | 1,383,806 | 577,562 | 38,964 | 33,016 | 800,296 |
| 2017 | 3,953,732 | 1,431,517 | 550,864 | 20,445 | 44,417 | 904,625 |
| 2018**** | 4,090,048 | | | | | |

Sources: Louisiana Tax Commission Report and Board of Liquidation CAFR

* Per Act 4 of 1916 of the Legislature of the State of Louisiana as amended by Act 576 of 1966, as amended by Act 420 of 1978, as amended by Act 159 of 1984, as amended by Act 1 of 1994.

** Excludes revenue bonds

*** Excludes the effects of accretion on deep discount bonds

**** Debt limit calculation for 2016 was based on the 2017 assessment, which was available by the end of FY 2016.

CITY OF NEW ORLEANS, LOUISIANA

Demographic and Economic Statistics
Last Ten Years

(unaudited)

| <u>Fiscal year</u> | <u>Population* (1)</u> | <u>Per Capita Personal Income (2)</u> | <u>Unemployment Rate (3)</u> |
|--------------------|------------------------|---|----------------------------------|
| 2007 | 288 | 54,180 | 5.1 |
| 2008 | 312 | 47,514 | 6.0 |
| 2009 | 327 | 41,518 | 7.9 |
| 2010 | 343 | 40,849 | 8.7 |
| 2011 | 356 | 41,771 | 8.7 |
| 2012 | 369 | 43,421 | 8.0 |
| 2013 | 379 | 43,403 | 7.4 |
| 2014 | 384 | 46,084 | 7.0 |
| 2015 | 390 | 46,684 | 4.6 |
| 2016 | 391 | ** | 5.1 |
| 2017 | 393 | ** | 4.7 |

Source:

* BLS 2000, 2010 Census and Projections

** 2017 Per Capita Personal Income information had not been released by the Bureau of Economic Research
by the release of this report

(1) Amount in thousands

(2) Bureau of Economic Analysis, Local Area Personal Income

(3) United States Department of Labor, Bureau of Labor Statistics (Not Seasonally Adjusted Average Yearly Rate)

CITY OF NEW ORLEANS, LOUISIANA

Employees by Industry
Last Ten Fiscal Years

(unaudited)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016 *</u> | <u>2017 *</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| Agriculture, forestry, fishing and hunting | 60 | 58 | 26 | 22 | 32 | 39 | 66 | 86 | 68 | 607 | 627 |
| Mining | 3,659 | 3,819 | 3,618 | 3,253 | 2,867 | 2,391 | 2,431 | 2,589 | 2,144 | 6,637 | 4,285 |
| Utilities | 1,102 | 1,173 | 1,163 | 918 | 906 | 921 | 920 | 933 | 962 | 3,984 | 3,991 |
| Construction | 5,448 | 4,793 | 5,285 | 5,388 | 5,419 | 5,357 | 5,653 | 6,031 | 4,935 | 33,835 | 29,319 |
| Manufacturing | 7,795 | 7,642 | 5,929 | 4,959 | 4,536 | 4,031 | 4,048 | 4,187 | 4,114 | 30,500 | 30,229 |
| Wholesale trade | 4,485 | 4,415 | 4,002 | 3,881 | 3,896 | 3,750 | 3,547 | 3,845 | 3,835 | 22,084 | 21,122 |
| Retail trade | 11,342 | 12,614 | 12,284 | 12,057 | 12,428 | 12,926 | 13,595 | 14,965 | 15,792 | 65,649 | 63,201 |
| Transportation and warehousing | 8,639 | 8,412 | 7,885 | 7,827 | 8,259 | 8,448 | 8,625 | 9,049 | 9,191 | 27,781 | 26,815 |
| Information | 3,571 | 4,846 | 3,033 | 3,644 | 3,724 | 4,700 | 4,449 | 3,442 | 4,646 | 9,559 | 7,865 |
| Finance and insurance | 6,078 | 5,932 | 5,546 | 5,475 | 5,468 | 5,409 | 5,100 | 5,570 | 5,993 | 18,467 | 18,355 |
| Real estate and rental and leasing | 2,293 | 2,266 | 2,222 | 2,241 | 2,460 | 2,587 | 2,695 | 2,963 | 3,028 | 9,078 | 8,798 |
| Professional and technical services | 13,222 | 13,663 | 13,815 | 14,410 | 14,709 | 14,671 | 16,004 | 15,990 | 16,040 | 33,369 | 32,534 |
| Management of companies and enterprises | 3,334 | 3,374 | 3,404 | 3,335 | 3,396 | 3,348 | 3,015 | 2,609 | 2,760 | 7,785 | 8,319 |
| Administrative and waste services | 10,975 | 9,921 | 9,248 | 9,338 | 9,439 | 9,864 | 10,026 | 10,846 | 12,157 | 34,430 | 31,979 |
| Educational services | 18,496 | 19,582 | 20,530 | 20,829 | 20,997 | 21,303 | 22,357 | 21,950 | 23,026 | 44,803 | 44,130 |
| Health care and social assistance | 17,421 | 19,865 | 20,858 | 20,796 | 21,171 | 21,239 | 20,759 | 22,867 | 24,231 | 75,837 | 77,651 |
| Arts, entertainment, and recreation | 6,189 | 6,833 | 4,696 | 4,955 | 4,975 | 5,056 | 5,608 | 5,722 | 6,215 | 13,283 | 13,392 |
| Accommodation and food services | 23,847 | 25,146 | 27,300 | 28,949 | 31,410 | 33,162 | 33,725 | 35,214 | 37,988 | 73,868 | 74,839 |
| Other services, except public administration | 5,099 | 5,196 | 5,046 | 5,082 | 5,277 | 5,509 | 5,497 | 5,495 | 6,051 | 15,634 | 15,141 |
| Public administration | 11,681 | 12,003 | 12,222 | 12,796 | 12,308 | 12,154 | 12,053 | 11,965 | 12,094 | 25,482 | 25,451 |
| Total | 165,383 | 172,045 | 168,587 | 170,413 | 173,677 | 176,865 | 180,173 | 186,318 | 195,270 | 552,672 | 538,043 |

Source: Louisiana Workforce Commission

* Information includes the New Orleans Regional Metropolitan Area:
Jefferson, Orleans, Plaquemines, St. Bernard St. Charles, St James
St John the Baptist and St. Tammany Parishes.

CITY OF NEW ORLEANS, LOUISIANA

Full Time City Employees by Department
Four Fiscal Years

| | (unaudited) | | | | | | | | | | | | | | |
|-------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | |
| Aviation | 200 | 116 | 111 | 114 | 111 | 117 | 114 | 186 | 164 | 161 | 170 | 148 | 163 | 170 | |
| Chief Administrative Office | 166 | 59 | 61 | 65 | 61 | 76 | 89 | 96 | 99 | 96 | 98 | 95 | 110 | 98 | |
| City Council | 69 | 41 | 49 | 59 | 49 | 62 | 63 | 63 | 63 | 63 | 71 | 65 | 64 | 51 | |
| City Planning | 24 | 9 | 10 | 16 | 10 | 21 | 20 | 22 | 22 | 20 | 16 | 22 | 20 | 23 | |
| Civil Service | 37 | 12 | 14 | 18 | 14 | 21 | 23 | 19 | 18 | 17 | 22 | 23 | 25 | 27 | |
| Neighborhood One/NHIF | 114 | 47 | 42 | 62 | 42 | 100 | 102 | 104 | 110 | 106 | 101 | 103 | 108 | 105 | |
| Coroner's Office | 25 | 10 | 11 | 12 | 1 | 15 | 14 | 15 | 14 | 15 | 17 | 19 | 19 | 20 | |
| Criminal District Court/Clerk | 90 | 52 | 78 | 88 | 78 | 89 | 89 | 90 | 87 | 81 | 67 | 74 | 73 | 72 | |
| Finance | 173 | 59 | 69 | 84 | 69 | 90 | 90 | 125 | 114 | 115 | 110 | 110 | 111 | 115 | |
| Fire | 770 | 751 | 687 | 685 | 687 | 731 | 750 | 753 | 711 | 662 | 635 | 601 | 584 | 612 | |
| French Market | 41 | 13 | 18 | 25 | 18 | 31 | 31 | 40 | 40 | 47 | 55 | 54 | 53 | 51 | |
| Health | 322 | 191 | 164 | 189 | 164 | 219 | 218 | 202 | 219 | 227 | 239 | 184 | 178 | 209 | |
| Historic Districts | 8 | 6 | 6 | 9 | 6 | 9 | 10 | 8 | 8 | 9 | 9 | 9 | 9 | 10 | |
| Inspector General | | | | | | 28 | 23 | 34 | 34 | 34 | 31 | 27 | 31 | 24 | |
| Juvenile Court | 59 | 30 | 28 | 27 | 28 | 25 | 47 | 44 | 46 | 40 | 31 | 29 | 28 | 27 | |
| Law | 97 | 49 | 54 | 52 | 54 | 69 | 62 | 62 | 60 | 59 | 60 | 68 | 67 | 66 | |
| Library | 221 | 19 | 81 | 88 | 81 | 128 | 150 | 162 | 192 | 191 | 190 | 184 | 193 | 199 | |
| Mayor's Office | 98 | 67 | 75 | 110 | 75 | 119 | 131 | 168 | 165 | 177 | 186 | 190 | 190 | 222 | |
| Recreation | 222 | 21 | 33 | 42 | 33 | 108 | 109 | 132 | 127 | 147 | 176 | 101 | 139 | 136 | |
| Mosquito Control | 36 | 38 | 33 | 36 | 33 | 2 | 32 | 28 | 32 | 26 | 31 | 22 | 30 | 23 | |
| Municipal Court | 82 | 53 | 55 | 57 | 55 | 96 | 56 | 46 | 46 | 48 | 63 | 49 | 46 | 37 | |
| Museum of Art | 44 | 10 | 22 | 18 | 22 | 16 | 14 | 12 | 11 | 9 | 9 | 10 | 6 | 3 | |
| Parks and Parkways | 218 | 100 | 85 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 122 | 130 | |
| Police | 2,261 | 1,867 | 1,649 | 1,680 | 1,649 | 1,839 | 1,725 | 1,591 | 1,498 | 1,432 | 1,419 | 1,511 | 1,471 | 1,442 | |
| Police Secondary Employment | | | | | | 0 | 0 | 0 | 0 | 9 | 11 | 10 | 9 | | |
| Property Management | 142 | 89 | 73 | 72 | 73 | 74 | 72 | 69 | 68 | 65 | 59 | 70 | 68 | 81 | |
| Public Works | 273 | 62 | 95 | 128 | 95 | 138 | 129 | 124 | 115 | 124 | 123 | 188 | 208 | 196 | |
| Rivergate Development Corp. | 4 | 4 | 2 | 3 | 2 | 2 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| Safety and Permits | 104 | 61 | 61 | 65 | 61 | 96 | 95 | 81 | 82 | 84 | 81 | 83 | 91 | 101 | |
| Sanitation | 77 | 35 | 33 | 23 | 33 | 28 | 27 | 26 | 24 | 31 | 33 | 42 | 54 | 50 | |
| Sewer and Water Board | 1,208 | 1,183 | 948 | 884 | 948 | 963 | 985 | 999 | 991 | 1,024 | 1,060 | 1,183 | 1,108 | 1,179 | |
| Traffic Court | 120 | 43 | 53 | 65 | 53 | 83 | 88 | 86 | 72 | 69 | 69 | 61 | 53 | 47 | |
| Vieux Carre | 8 | 2 | 2 | 4 | 2 | 4 | 4 | 5 | 5 | 4 | 4 | 5 | 6 | 6 | |
| Welfare | 63 | 14 | 20 | 26 | 20 | 31 | 36 | 44 | 41 | 37 | 38 | 32 | 33 | 39 | |
| Workforce Investment Act | 7 | 6 | 7 | 8 | 7 | 7 | 6 | 6 | 5 | 7 | 4 | 6 | 7 | 7 | |
| Yacht Harbor | 19 | 4 | 4 | 2 | 4 | 2 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | |
| Audubon Park | 4 | 4 | 3 | 1 | 3 | - | - | - | - | - | - | - | - | - | |
| | 7,406 | 5,127 | 4,736 | 4,941 | 4,765 | 5,563 | 5,535 | 5,574 | 5,415 | 5,368 | 5,418 | 5,511 | 5,486 | 5,594 | |

Source : City of New Orleans Department of Civil Service and City of New Orleans Accounting Department

CITY OF NEW ORLEANS, LOUISIANA

Capital Asset Statistics by Function
Last Ten Fiscal Years

(unaudited)

| Function: | Fiscal Year | | | | | | | | | | |
|-------------------------------------|-------------|------|------|------|------|-------|-------|-------|-------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Fire and Emergency Services: | | | | | | | | | | | |
| Number of Stations: | | | | | | | | | | | |
| Police | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Fire | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 32 | 32 | 32 |
| Recreation (1) | | | | | | | | | | | |
| Active Playground (1) | * | * | * | * | * | * | 30 | 33 | 33 | 36 | 38 |
| Passive Playground (2) | * | * | * | * | * | * | 71 | 72 | 72 | 69 | 20 |
| Recreation Centers (3) | * | * | * | * | * | * | 10 | 10 | 10 | 12 | 12 |
| Stadiums | * | * | * | * | * | * | 8 | 8 | 8 | 8 | 5 |
| Pools (3) | * | * | * | * | * | * | 14 | 15 | 15 | 16 | 18 |
| Tennis Locations (3) | * | * | * | * | * | * | 10 | 10 | 10 | 9 | 8 |
| Dog Run | * | * | * | * | * | * | 1 | 1 | 1 | 1 | 1 |
| Roads: | | | | | | | | | | | |
| Miles of roads maintained | * | * | * | * | * | 1,652 | 1,652 | 1,652 | 1,652 | 1,652 | 1,547 |

Sources: City of New Orleans Police, Fire, Recreation, Recreation, and Public Works Departments.

- (1) Location where paid staff delivers programs
- (2) No paid staff to provide structured programs
- (3) Includes at least one facility that is not operational

* Information not available for these years.

CITY OF NEW ORLEANS, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

(unaudited)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Police Department: | | | | | | | | | | |
| Response to Phone Emergencies | 189,436 | 163,135 | 215,336 | 311,949 | 228,482 | 280,696 | 191,719 | 181,290 | * | * |
| 911 Responses | 432,926 | 416,665 | 427,833 | 481,902 | 565,888 | 642,653 | 589,317 | 585,662 | * | * |
| Field Operations Bureau Investigations clearance rate for crimes against persons | * | * | * | 43% | 41% | 40% | 40% | 34% | 37% | 41% |
| Field Operations Bureau Investigations clearance rate for crimes against property | * | * | * | 13% | 15% | 13% | 14% | 16% | 17% | 18% |
| Number of Driving While Intoxicated (DWI) arrests | * | * | * | 1,624 | 1,232 | 1,392 | 1,473 | 1,214 | * | * |
| Fire Department: | | | | | | | | | | |
| Response to Phone Emergencies | 32,436 | 31,828 | 31,460 | 27,755 | 26,890 | 29,811 | 25,409 | 26,056 | * | * |
| 911 Responses | 9,712 | 8,581 | 8,027 | 8,544 | 8,695 | 9,542 | 8,316 | 8,701 | * | * |
| Number of commercial and industrial structures inspected | * | * | * | 2,854 | 3,395 | 3,872 | 4,872 | 5,817 | 7,180 | * |
| Percent of response times under 6 minutes 20 seconds | * | * | * | 79% | 75% | 74% | 74% | 71% | 69% | 67% |
| EMS: | | | | | | | | | | |
| Response to Phone Emergencies | 37,324 | 28,306 | 26,373 | 25,823 | 23,041 | 26,716 | 21,118 | 25,420 | * | * |
| 911 Responses | 31,224 | 40,048 | 45,825 | 50,597 | 56,740 | 70,690 | 60,181 | 64,529 | 63,975 | 67,532 |
| Percent of Emergency Medical Service responses for acute cases within 12 minutes | * | * | * | 81% | 77% | 76% | 80% | 74% | 72% | 66% |
| Law | | | | | | | | | | |
| Number of public records requests completed | * | * | * | 573 | 563 | 1047 | 891 | 1,080 | 1,249 | 1,669 |
| Number of tax and public nuisance cases filed before the ABO Board | * | * | * | 227 | 324 | 268 | 224 | 122 | 159 | 172 |
| Sanitation | | | | | | | | | | |
| Garbage Tonnage Collected | 221,564 | 192,626 | 179,068 | 164,238 | 173,333 | 164,556 | 180,728 | * | * | * |
| Number of illegal dumping sites cleared | * | * | * | 1,013 | 972 | 2,135 | 2,832 | 1,916 | 1,951 | * |
| Number of tons of recyclable material collected | * | * | * | 3,627 | 6,138 | 6,650 | 7,317 | 7,300 | 7,102 | 7,220 |
| Public Works | | | | | | | | | | |
| Number of potholes filled | * | * | * | 53,309 | 60,401 | 31,263 | 25,168 | 78,054 | 116,593 | 71,290 |
| Number of catch basins cleaned | * | * | * | 3,339 | 5,364 | 2,839 | 3,178 | 7,611 | 7,382 | 19,131 |
| Number of streetlight outages restored | * | * | * | 10,925 | 12,500 | 19,356 | 3,687 | 9,180 | 10,879 | 5,078 |
| Number of parking citations | * | * | * | 302,653 | 290,214 | 315,778 | 257,274 | 338,477 | 320,925 | 332,740 |
| Number of tows | * | * | * | 12,499 | 11,093 | 14,480 | 17,578 | 17,055 | 13,403 | 10,731 |
| Number of booms | * | * | * | 4,399 | 6,702 | 7,489 | 7,632 | 11,833 | 10,517 | 10,924 |
| Capital Projects | | | | | | | | | | |
| Percent of projects delivered on schedule | * | * | * | 79% | 80% | 79% | 79% | 82% | 78% | 81% |
| Property Management | | | | | | | | | | |
| Number of work order requests completed | * | * | * | 2,551 | 2,855 | 3,691 | 3,774 | 2,915 | 3,377 | 3,590 |
| Percent of work orders/service requests completed within 30 days | * | * | * | 68% | 83% | 91% | 92% | 94% | 93% | 98% |
| Code Enforcement | | | | | | | | | | |
| Number of Code Enforcement inspections | * | * | * | 23,523 | 11,931 | 15,193 | 16,539 | 14,280 | * | * |
| Number of properties brought to hearing | * | * | * | 4,701 | 3,261 | 3,111 | 4,010 | 3,365 | 2,069 | 1,628 |
| Number of blighted properties brought into compliance | * | * | * | 946 | 642 | 836 | 1,041 | 887 | * | 633 |
| Number of blighted units demolished | * | * | * | 2,030 | 1,234 | 329 | 212 | 180 | 185 | 265 |
| New Orleans Recreation Development Commission | | | | | | | | | | |
| Number of youth athletic program registrants | * | * | * | 8,113 | 7,998 | 7,561 | 7,876 | * | * | * |
| Number of cultural events offered | * | * | * | 45 | 76 | 57 | 103 | * | * | * |
| Parks & Parkways | | | | | | | | | | |
| Number of acres mowed | * | * | * | 19,681 | 19,485 | 19,795 | 18,801 | 20,800 | 23,200 | 25,188 |
| Number of emergency tree service requests completed | * | * | * | 629 | 1,061 | 915 | 447 | 598 | 600 | 649 |
| Library | | | | | | | | | | |
| Number of items circulated (checked-out) | * | * | * | 880,638 | 1,141,002 | 1,067,472 | 1,143,210 | 1,182,500 | 1,148,435 | 1,200,432 |
| Information Technology & Innovation | | | | | | | | | | |
| Call abandonment rate for the Service Desk | * | * | * | 25% | 16% | 9% | 13.20% | 7.90% | 6.71% | 9.23% |
| Percent of critical IT projects delivered on schedule | * | * | * | 53% | 70% | 67% | 61% | 58% | 67% | 67% |
| Equipment Maintenance Division | | | | | | | | | | |
| Number of gallons of fuel dispensed | * | * | * | 1,903,872 | 1,786,898 | 1,676,255 | 1,600,663 | 1,604,600 | 1,594,261 | 1,532,877 |

Sources: Orleans Parish Communication District and Office of Performance and Accountability

* Information not available.

